

CITY OF LEON VALLEY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2005**

Prepared by: Finance Department
Vickie Wallace
Director of Finance

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CITY OF LEON VALLEY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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SMALL TOWN HOSPITALITY. BIG CITY ADVANTAGES.

November 3, 2005

The Honorable Mayor, Members of City Council
and Citizens of the City of Leon Valley:

The Comprehensive Annual Financial Report (CAFR) of the City of Leon Valley for the year ended September 30, 2005, is hereby submitted. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audit in accordance with generally accepted auditing standards by a licensed certified public accountant. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Leon Valley for the fiscal year ended September 30, 2005.

The CAFR consists of management's representations concerning the finances of the City of Leon Valley. Consequently, management assumes full responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures. To provide a reasonable basis for making these representations, management of the City of Leon Valley has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Leon Valley's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Leon Valley's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of Leon Valley financial statements have been audited by Armstrong, Vaughan & Associates, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Leon Valley for the fiscal year ended September 30, 2005, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified opinion on the City of Leon Valley's financial statements for the fiscal year ended September 30, 2005, which were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Leon Valley was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. For the fiscal year that ended September 30, 2005, the City of Leon Valley was not required to conduct a Single Audit.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Leon Valley's MD&A can be found immediately following the report of the independent auditors.

GOVERNMENTAL STRUCTURE

The City, incorporated in 1952, is a residential community located in south central Texas in the northwest portion of the San Antonio Metropolitan Statistical Area. The City is located in Bexar County, Texas. [Bexar County's economy is based on military, tourism, agriculture, limestone mining, medical facilities, and manufacturing.] The City has a land area of 3.5 square miles and is surrounded on all sides by the City of San Antonio. Most City residents are employed within the greater San Antonio Metropolitan Statistical Area. A full range of services is provided to residents and businesses, including police and fire protection, construction and maintenance of streets and infrastructure, recreational activities, and water and sewer utilities. The City population based upon the 2000 census is 9,239. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City's property tax rate is average compared to the rest of Bexar County.

The City is operated under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a five-member council. The Council is elected on a non-partisan basis at large. Council members are elected to two-year staggered terms. The Mayor is elected at large to a two-year term. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and the hiring of a City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing Council, overseeing the day-to-day operations of the City, and appointing the heads of the City's departments.

The City maintains extensive budgetary controls. The objective of these controls is to ensure the proper safeguarding of City assets, compliance with State budgetary statutes and compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Water and Sewer (Enterprise) Fund, Community Center Fund, Child Safety Fund, Municipal Court Technology Fund, Police Forfeiture Fund, and Grant Fund are included in the City's annual budget. Capital Projects Fund activities are expected to extend beyond one or more fiscal years, and are therefore budgeted on a project-by-project basis. Federal, State, and local grants are budgeted for at the time of grant acceptance.

The annual budget serves as the foundation for the City of Leon Valley's financial planning and control. All agencies of the City of Leon Valley are required to submit requests for appropriation to the City Manager on or before the first week in May each year. The City Manager then presents this proposed budget to the Council for review in July. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of Leon Valley's fiscal year. The appropriated budget is prepared by fund, department (e.g. police), and function (e.g. patrol). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 45 through 49 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the other supplementary information of this report, which is presented on pages 52 through 69.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Leon Valley operates.

The City of Leon Valley has experienced an economic downturn over the past few fiscal years. The regions leading industries, in terms of gross sales for the City, are auto dealers/gasoline service stations and food stores a significant portion of sales for these businesses is not subject to local sales taxes.

Long-Term Financial Planning

The City also maintains a five-year Capital Acquisition Plan (CAP) to provide for capital outlay expenditures. Each fiscal year, the CAP is reviewed and analyzed by the City Manager and City staff to determine needs for office and other machinery and equipment, vehicles, buildings and building improvements, land, and improvements other than buildings. The five-year CAP is authorized by City Council during the City's annual budget adoption process. As items are funded only when deemed necessary, capital outlay details and amounts vary between budget years.

Cash Management Policies and Practices

During the year, the City invested idle funds in interest-bearing bank accounts and one local government investment pool. The City invests long-term funds (six-month maturities or longer) in U.S. T-Bills/Notes or bank certificates of deposit depending on which investment is offering the highest rate of return at the time of purchase. Long-term investments have staggered maturity dates of six to twelve months depending on City cash flow needs. Short-term dollars (less than six-month maturities) are maintained in money market accounts, checking accounts, bank certificates of deposit, or in a local government investment pool. As of September 30, 2005, the City had five investment pool accounts in its cash and investment portfolio.

The City's investment policy is to maximize yield with a minimal amount of risk while maintaining an actively competitive yield on its portfolio. Accordingly, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation or are collateralized by pledged governmental securities maintained at the Federal Reserve in Dallas. Collateral on the deposits is held by a third party financial institution's trust department in the City of Leon Valley's name. The City participates in one Local Government Investment Pool entitled TexPool. TexPool's Liquid Asset Portfolio seek to maintain a net asset value of \$1.00 per unit invested to preserve the principal of all pool participants. TexPool invests in short-term repurchase agreements, U.S. Treasury bills and notes, and U.S. Agency securities. All City investments comply with State investment guidelines as dictated by the Public Funds Investment Act of 1987 and comply with requirements of the City of Leon Valley Investment Policy adopted by City Council.

Risk Management

The City strives to maintain high levels of safety awareness and provides safety training for staff, supervisors, and department heads. Training areas include accident reporting and investigation, hazardous communications and materials handling, loss prevention, proper lifting procedures, defensive driving, cardio pulmonary resuscitation (CPR), first aid and safety, fire extinguisher usage, and emergency management training.

The City contracts with an external source to provide an employee assistance program (EAP) for employees and their dependents. The EAP provides a confidential referral source for employees to assist with personal problems which may affect job performance and productivity. Programs include family counseling, mental health counseling, and legal and accounting needs. The EAP also conducts informational seminars for all City employees on topics such as stress management, communication skills, and smoking cessation.

The City contracts with the Texas Municipal League (TML) Intergovernmental Risk Pool for liability, property, and worker's compensation insurance. TML is a multi-employer group that provides a combination of modified self-insurance and stop-loss coverage. The City also monitors all vendor contracts to ensure that contractors comply with workers' compensation provisions and compliance with civil rights laws, and to ensure that all contractors maintain proper insurance coverage to include appropriate property liability insurance limits.

AWARDS AND ACKNOWLEDGMENTS

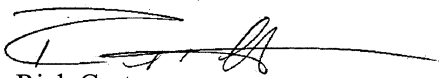
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leon Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

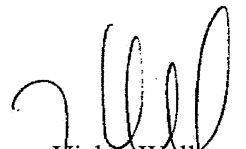
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

We would like to extend our sincere thanks and appreciation to the finance department, and all City staff and department heads who helped in the preparation of this report. A special thanks goes to our Mayor and City Council for their strong leadership and support, their sense of civic duty and responsibility, and their diligence in conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Rick Cortes
City Manager



Vickie Wallace
City Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Leon Valley,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

CITY OF LEON VALLEY, TEXAS
LIST OF PRINCIPAL OFFICERS
SEPTEMBER 30, 2005

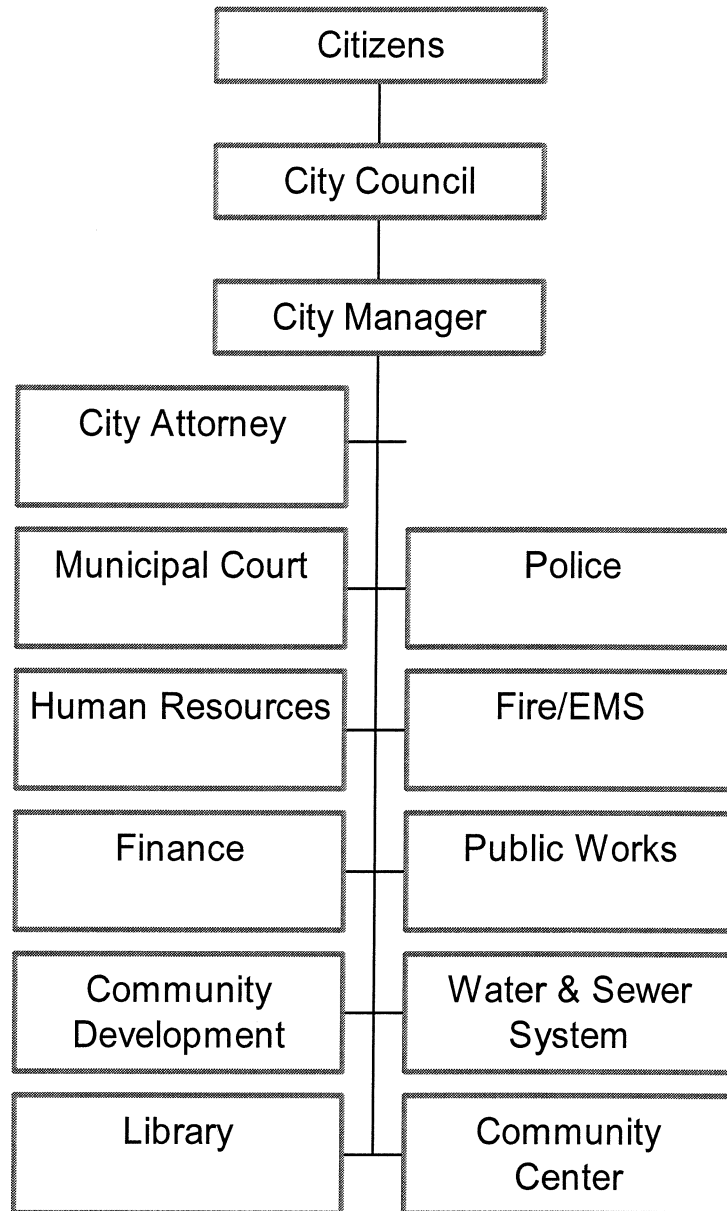
ELECTED OFFICIALS

MAYOR.....CHRIS RILEY
COUNCILMEMBER – PLACE 1..... LIZ MALOY
COUNCILMEMBER – PLACE 2..... HUBERT LANGE
COUNCILMEMBER – PLACE 3..... MARCUS SEMMELMANN
COUNCILMEMBER – PLACE 4..... JACK DEAN
COUNCILMEMBER – PLACE 5..... RICK RANGEL

CITY OFFICIALS

CITY MANAGER RICK CORTES
CITY ACCOUNTANT..... VICKIE WALLACE
CITY ATTORNEY..... ADOLPH JACOBSON
CITY SECRETARY..... GRETCHEN BLACK
DEVELOPMENT COORDINATOR MELINDA SMITH
FIRE CHIEFSTAN IRWIN
LIBRARIAN..... JOYCE M. TRENT
POLICE CHIEF RANDY OAKS
PUBLIC WORKS DIRECTORPATRICK L. WRIGHT

CITY OF LEON VALLEY ORGANIZATIONAL CHART



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Leon Valley, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Leon Valley, Texas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages 3 through 11 and 44 through 51, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2005, on our consideration of the City of Leon Valley, Texas', internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively compromise the City of Leon Valley, Texas', basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The combining and individual nonmajor fund financial statements and schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Assoc, P.C." in a cursive, flowing script.

Armstrong, Vaughan & Assoc., P.C.

November 3, 2005

Management's Discussion and Analysis

As management of Leon Valley, we offer readers of Leon Valley's financial statement this narrative overview and analysis of the financial activities of the City of Leon Valley for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$12,502,455 (net assets). Of this amount, \$850,000 (unrestricted net assets) may be used to meet Leon Valley's ongoing obligations to citizens and creditors.
- During the year, the City's net assets increased by \$282,275. The increase is attributable to increased licenses, permits, fees and fines and interest income.
- The total cost of the City's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$2,591,802, an increase of \$184,993.
- The City did not issue any new debt during fiscal year 2004-2005.

Overview of the Financial Statements

This discussion and analysis is intended to serve as the introduction of the City of Leon Valley's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business financial presentation.

The *statement of net assets* is a presentation of the City's assets and liabilities, including capital and infrastructure assets, and long-term liabilities. This statement reports the difference between assets and liabilities as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information regarding increases and decreases to the government's net assets for the fiscal year. Changes in net assets are recorded when the underlying event giving rise to the change occurs regardless of the timing of cash flows. Therefore, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave). Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, parks and recreation and library. The business-type activities of the City are water and sewer.

Fund Financial Statements. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending

activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although non-major funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three types: governmental, proprietary, and fiduciary. However, the City does not have any fiduciary funds.

Governmental funds. Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the provision of water and sewer services to residents.

Proprietary fund financial statements provide separate and more detailed information for the water and sewer fund. The water and sewer fund is considered a major fund of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information on the City's General Fund budget, which is adopted on an annual basis. A budgetary comparison statement has been provided for this fund in order to demonstrate budgetary compliance with this budget.

Government-wide Financial Analysis

GASB No. 34, basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, requires that the City provide a comparative analysis of government-wide data. Below is a comparative summary of the governmental activities and business-type activities as required by GASB Statement No. 34:

City of Leon Valley, Texas
Statement of Net Assets
For the Year Ended September 30, 2005
(With Comparative Totals for September 30, 2004)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 3,587,117	\$ 3,799,514	\$ 1,277,150	\$ 1,060,605	\$ 4,864,267	\$ 4,860,119
Capital Assets	8,943,489	8,840,474	3,813,048	3,923,433	12,756,537	12,763,907
TOTAL ASSETS	<u>12,530,606</u>	<u>12,639,988</u>	<u>5,090,198</u>	<u>4,984,038</u>	<u>17,620,804</u>	<u>17,624,026</u>
Current and other liabilities	654,359	690,886	330,564	237,724	984,923	928,610
Long-term liabilities	4,038,211	4,296,354	95,215	178,882	4,133,426	4,475,236
TOTAL LIABILITIES	<u>4,692,570</u>	<u>4,987,240</u>	<u>425,779</u>	<u>416,606</u>	<u>5,118,349</u>	<u>5,403,846</u>
Net Assets:						
Investment in capital assets, net of related debt	4,910,474	4,627,299	3,658,048	3,688,433	8,568,522	8,315,732
Restricted	2,427,562	2,525,449	656,371	528,999	3,083,933	3,054,448
Unrestricted	500,000	500,000	350,000	350,000	850,000	850,000
TOTAL NET ASSETS	<u>\$ 7,838,036</u>	<u>\$ 7,652,748</u>	<u>\$ 4,664,419</u>	<u>\$ 4,567,432</u>	<u>\$12,502,455</u>	<u>\$12,220,180</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the year ended September 30, 2005, total assets exceeded liabilities by \$12,502,455.

The largest portion of the City's net assets, \$8,568,522 (68.53%) represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Leon Valley uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the other net assets, \$3,083,933 (24.67%) represents resources that are subject to external restrictions on how they may be used. The remaining \$850,000 (6.80%) represents unrestricted net assets, which can be used to meet the government's ongoing obligations to citizens and creditors.

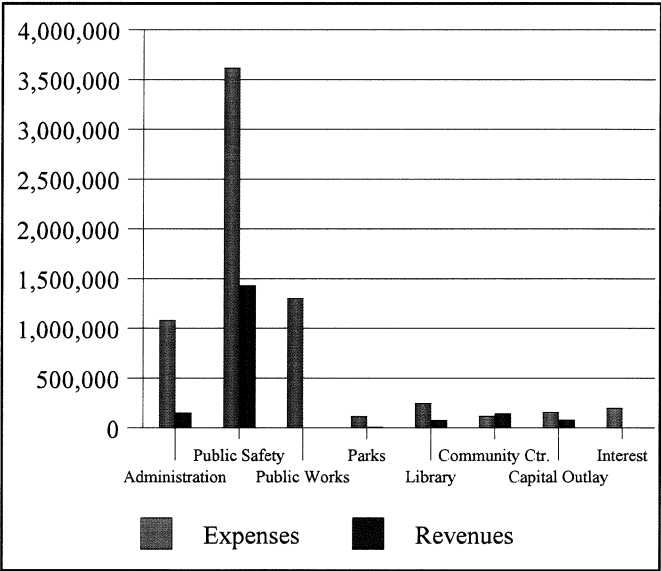
Governmental Activities. Governmental activities increased net assets by \$185,288, thereby accounting for 65.64% of the total growth in the net assets. Key elements of this increase are as follows:

City of Leon Valley, Texas
Change in Net Assets
For the Year Ended September 30, 2005
(With Comparative Totals for September 30, 2004)

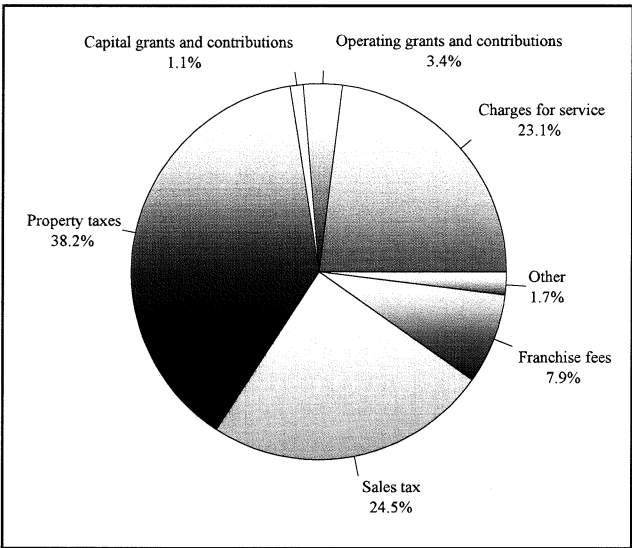
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program Revenues:						
Charges for services	\$ 1,611,689	\$ 1,357,855	\$ 1,925,863	\$ 1,755,902	\$ 3,537,552	\$ 3,113,757
Operating grants and contributions	241,098	365,598	-	-	241,098	365,598
Capital grants and contributions	78,176	141,286	-	-	78,176	141,286
General Revenues						
General property	2,670,674	2,596,180	-	-	2,670,674	2,596,180
Sales tax	1,713,683	1,788,803	-	-	1,713,683	1,788,803
Franchise fees	551,998	534,471	-	-	551,998	534,471
Investment earnings	75,305	35,093	23,665	9,600	98,970	44,693
Miscellaneous	45,780	41,390	40,765	9,160	86,545	50,550
Impact fees	-	-	30,505	37,354	30,505	37,354
TOTAL REVENUES	6,988,403	6,860,676	2,020,798	1,812,016	9,009,201	8,672,692
Administration	1,078,235	982,346	-	-	1,078,235	982,346
Public Safety	3,615,090	3,391,479	-	-	3,615,090	3,391,479
Public Works	1,300,917	1,030,040	-	-	1,300,917	1,030,040
Parks and Recreation	112,401	95,851	-	-	112,401	95,851
Library	245,212	207,876	-	-	245,212	207,876
Community Center	115,687	122,834	-	-	115,897	122,834
Capital Outlay	154,897	177,150	-	-	154,897	177,150
Interest on L/T debt	196,576	207,236	-	-	196,576	207,236
Utility	-	-	1,907,911	1,656,702	1,907,911	1,656,702
TOTAL EXPENSES	6,819,015	6,214,812	1,907,911	1,656,702	8,726,926	7,871,514
Excess (Deficiency) Before Other Resources, Uses & Transfers	169,388	645,864	112,887	155,314	282,275	801,178
Transfers In (Out)	15,900	15,900	(15,900)	(15,900)	-	-
Increase (Decrease) in net Assets	185,288	661,764	96,987	139,414	282,275	801,178
Beginning Net Assets	7,652,748	6,990,984	4,567,432	4,428,018	12,220,180	11,419,002
Ending Net Assets	<u>\$ 7,838,036</u>	<u>\$ 7,652,748</u>	<u>\$ 4,664,419</u>	<u>\$ 4,567,432</u>	<u>\$12,502,455</u>	<u>\$12,220,180</u>

General revenue for the fiscal year ended September 30, 2005 totaled \$6,988,403, an increase of \$127,727 or 1.86% over fiscal year 2004. Property taxes increased \$74,494 or 2.86% during the year. The increase is attributable to an ad valorem tax increase. Investment earnings increased \$40,212, which is a result the City's diversification of its investment portfolio.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

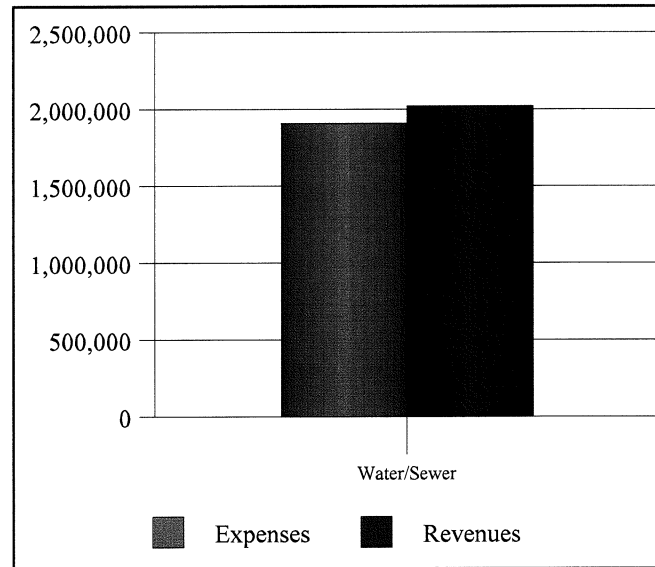


Expenses for governmental activities totaled \$6,819,015, an increase of \$604,203 or 9.72% over fiscal year 2004. Public works increased \$270,877 or 26.30%. Factors contributing to the increase include the street slurry program, new sidewalks and various maintenance projects. Public Safety increased by 223,611 or 6.59%, which was due to normal operating expenses.

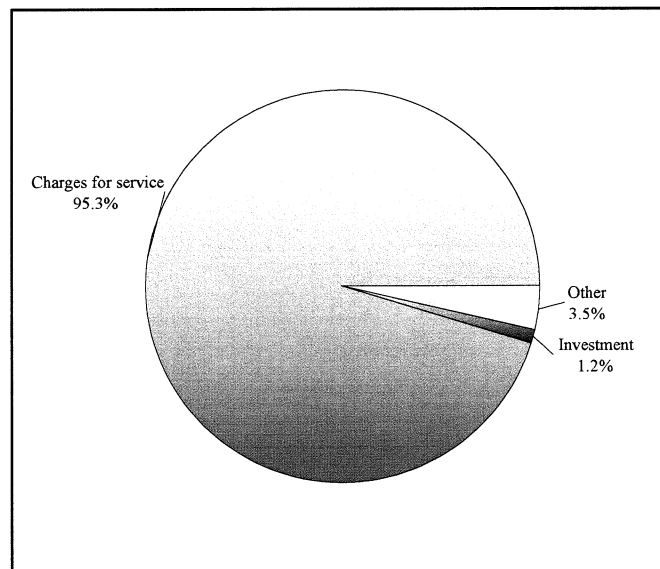
Business-Type of Activities. Business-type activities increased net assets by \$96,987. Key elements of this increase are as follows:

- Charges for service for business-type activities increased by \$169,961 or 9.68%. An increase in water rates was the main factor for the increase.
- Investment earnings increased by \$14,065 for business-type activities because of the overall increase in the size of the investment portfolio and increased interest rates.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Governmental Funds

As noted earlier, the City's uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Activities of the Primary Government's General Fund, Special Revenue Funds and Debt Service Funds are considered general government functions. The General Fund is the City's general operating fund. Special Revenue Funds are used to account for proceeds of specific sources that are legally restricted as to expenditures. The Debt Service Fund is used to account for financial activity related to the City's general bonded indebtedness, as well as long-term obligations.

As of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,043,519, a decrease of \$235,944 in comparison with fiscal year 2004. The unreserved, undesignated fund balance was \$861,282 or 28.30% of the combined fund balance. This is the amount of the fund balance which is available for spending at the City's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed.

The general fund which is the chief operating fund of the City, at the end of the current fiscal year, had a unreserved, undesignated fund balance of \$500,000. As measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved, undesignated fund balance represents 8.17% of the total general fund expenditures, while total fund balance represents 42.35% of the same amount.

For the fiscal year ended September 30, 2005 the fund balance of the City's general fund increased by \$184,993. Key factors in this growth are as follows:

- An increase in the ad valorem tax rate.
- A one-time transfer from the building security fund. In fiscal year 2004 funds left from capital projects were transferred to the building security fund for court security renovations. The funds were not used and therefore the funds were transferred to the general fund.

The debt service fund has a total fund balance of \$90,003, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$1,305.

Proprietary funds. The City's proprietary fund provided the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$350,000. The total growth in net assets for the water and sewer fund was \$96,987. Other factors concerning the finances of this fund have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget for a total increase of \$566,347. The following are the main components of the increase:

- \$58,000 supplemental appropriation to the development department for a grant that funded a code enforcement officer and related supplies;

- \$197,000 supplemental appropriation to the public works department for the street improvement project that the City had committed to in FY 2004, but work on the project was not completed; and
- \$43,582 supplemental appropriation to the manager and council department for the city manager contract buy out.

Some of the increases were possible because of additional anticipated revenues and less than expected expenditures. Funding for the street project and the city manager contract came from the fund balance.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$12,759,536 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks facilities, and roads. The City's investment in capital assets for the fiscal year ended September 30, 2005 decreased by \$4,371.

City of Leon Valley, Texas Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 610,182	\$ 610,182	\$ 76,348	\$ 57,658	\$ 686,530	\$ 667,840
Buildings	2,682,662	2,682,662	25,403	25,403	2,708,065	2,708,065
Improvements other than buildings	1,121,006	898,847	6,722,227	6,658,414	7,846,233	7,557,261
Transportation and equipment	3,370,550	3,197,318	392,521	392,521	3,763,071	3,589,839
Infrastructure	9,497,520	9,383,527	-	-	9,947,520	9,383,527
Capital lease	-	142,416	-	-	-	142,416
Total	<u>\$17,281,920</u>	<u>\$16,914,952</u>	<u>\$ 7,216,499</u>	<u>\$ 7,133,996</u>	<u>\$24,501,419</u>	<u>\$24,048,948</u>

Long-term debt. For the fiscal year ended September 30, 2005, the City had a total bonded debt outstanding of \$4,085,000. Of this amount, \$3,425,000 are general obligation bonds, \$505,000 is tax anticipation notes and \$155,000 are utility fund revenue bonds.

City of Leon Valley, Texas
Outstanding Debt Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Bonds payable	-	\$ 80,000	\$ 155,000	\$ 235,000	\$ 155,000	\$ 315,000
Certificates of obligation	3,425,000	3,515,000	-	-	3,425,000	3,535,000
Tax notes	505,000	565,000	-	-	505,000	565,000
Leases payable	-	33,175	-	-	-	33,175
TOTAL BONDS AND NOTES	\$ 3,930,000	\$4,213,175	\$ 155,000	\$ 235,000	\$4,085,000	\$4,448,175

The City total debt decreased by \$363,175 for the fiscal year ended September 30, 2005. The City did not issue any new debt during the fiscal year.

Economic Factors and Next's Year Budget and Rates

- Appraised value used for the 2006 budget preparation is up \$20,015,153 from the 2005 budget.
- Sales tax has been declining over the last four fiscal years with an annual average decrease of 6.20%.
- Inflationary trends in the region compare favorably to national indices.

These indicators were taken into account when adopting the general fund budget for 2006. Amounts available for appropriation in the general fund budget are \$6,354,967, an increase of 7.58% over the final 2005 budget of \$5,907,245. Property taxes will increase due to the increasing values and a tax rate increase. The City will use these increases in revenues to finance programs we currently offer.

Expenditures are budgeted at \$6,805,829. The largest increases staffing and salary schedule adjustments. The City added an Economic Development Department for fiscal year 2006.

All of these factors were considered in preparing the budget for the 2006 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Accountant, 6400 El Verde Road, Leon Valley, Texas 78238.

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CITY OF LEON VALLEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2005

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and Cash Investments	\$ 2,988,201	\$ 789,161	\$ 3,777,362
Receivables (net of allowances for uncollectibles)			
Property Taxes	114,707	-	114,707
Nonproperty Taxes	40,447	-	40,447
EMS Charges	68,368	-	68,368
Special Assessment	11,744	-	11,744
Accounts	-	215,819	215,819
Other	25,131	-	25,131
Due From Other Governments	321,244	-	321,244
Prepaid Expenses	3,985	-	3,985
Inventories	13,291	-	13,291
Restricted Assets:			
Debt Service Funds:			
Cash and Cash Investments	-	162,572	162,572
Customer and Performance Bond Deposits:			
Cash and Cash Investments	-	109,598	109,598
Capital Assets:			
Land	610,182	76,348	686,530
Buildings	2,682,662	25,403	2,708,065
Improvements Other than Buildings	1,121,006	6,722,227	7,843,233
Transportation & Equipment	3,370,550	392,521	3,763,071
Infrastructure	9,497,520	-	9,497,520
Accumulated Depreciation	(8,338,432)	(3,403,451)	(11,741,883)
TOTAL ASSETS	\$ 12,530,606	\$ 5,090,198	\$ 17,620,804

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2005

	Primary Government		
	Governmental	Business-Type	
LIABILITIES AND NET ASSETS	Activities	Activities	Total
Liabilities:			
Accounts Payable	\$ 218,704	\$ 122,317	\$ 341,021
Accrued Liabilities	89,552	9,063	98,615
Deferred Revenues	21,205	-	21,205
Accrued Interest Payable	29,408	-	29,408
Deposits Payable	19,615	-	19,615
Payable from Restricted Assets:			
Current Portion of Long-term Debt	-	85,000	85,000
Accrued Interest Payable	-	4,131	4,131
Customer/Performance Bond Deposits	-	109,598	109,598
Noncurrent Liabilities:			
Due within One Year	275,875	455	276,330
Due in more than One Year	4,038,211	95,215	4,133,426
TOTAL LIABILITIES	4,692,570	425,779	5,118,349
Net Assets:			
Invested in Capital Assets, net of related debt	4,910,474	3,658,048	8,568,522
Restricted Net Assets:			
Library and Parks	84,531	-	84,531
Special Revenues	317,716	-	317,716
Debt Service	109,345	162,572	271,917
Water Rights	-	149,240	149,240
Capital Projects	1,903,694	344,559	2,248,253
Other Purposes	12,276	-	12,276
Unrestricted Net Assets	500,000	350,000	850,000
TOTAL NET ASSETS	7,838,036	4,664,419	12,502,455
TOTAL LIABILITIES & NET ASSETS	\$ 12,530,606	\$ 5,090,198	\$ 17,620,804

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	\$ (1,078,235)	\$ 145,094	\$ 4,209	\$ -
Public Safety	(3,615,090)	1,313,069	114,990	-
Public Works	(1,300,917)	-	50,551	-
Parks and Recreation	(112,401)	9,485	-	-
Library	(245,212)	3,063	71,348	-
Community Center	(115,687)	140,978	-	-
Capital Outlay	(154,897)	-	-	78,176
Interest on Long-term Debt	(196,576)	-	-	-
Total Governmental Activities	(6,819,015)	1,611,689	241,098	78,176
Business-Type Activities				
Water/Sewer	(1,907,911)	1,925,863	-	-
Total Business-type Activities	(1,907,911)	1,925,863	-	-
Total Primary Government	\$ (8,726,926)	\$ 3,537,552	\$ 241,098	\$ 78,176
General Revenues:				
Taxes				
General Property Taxes				
Sales Taxes				
Franchise Taxes				
Interest and Investment Earnings				
Impact Fees				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year				

See accompanying notes to basic financial statements.

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (928,932)	\$ -	\$ (928,932)
(2,187,031)	-	(2,187,031)
(1,250,366)	-	(1,250,366)
(102,916)	-	(102,916)
(170,801)	-	(170,801)
25,291	-	25,291
(76,721)	-	(76,721)
(196,576)	-	(196,576)
<u>(4,888,052)</u>	<u>-</u>	<u>(4,888,052)</u>
-	17,952	17,952
-	17,952	17,952
<u>(4,888,052)</u>	<u>17,952</u>	<u>(4,870,100)</u>
2,670,674	-	2,670,674
1,713,683	-	1,713,683
551,998	-	551,998
75,305	23,665	98,970
-	30,505	30,505
45,780	40,765	86,545
<u>5,057,440</u>	<u>94,935</u>	<u>5,152,375</u>
15,900	(15,900)	-
185,288	96,987	282,275
7,652,748	4,567,432	12,220,180
<u>\$ 7,838,036</u>	<u>\$ 4,664,419</u>	<u>\$ 12,502,455</u>

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Investments	\$ 2,530,121	\$ 458,081	\$ 2,988,202
Receivables (net of allowances for uncollectibles):			
Property Taxes	95,365	19,342	114,707
Nonproperty Taxes	24,090	16,357	40,447
EMS Charges	68,368	-	68,368
Special Assessments	-	11,744	11,744
Other	25,130	-	25,130
Due from Other Governments	320,413	831	321,244
Prepaid Expenses	3,985	-	3,985
Inventories	12,859	432	13,291
TOTAL ASSETS	<u>\$ 3,080,331</u>	<u>\$ 506,787</u>	<u>\$ 3,587,118</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 214,335	\$ 4,369	\$ 218,704
Accrued Expenditures	89,552	-	89,552
Deposits Payable	-	19,615	19,615
Deferred/Unearned Revenues	184,642	31,086	215,728
TOTAL LIABILITIES	<u>488,529</u>	<u>55,070</u>	<u>543,599</u>
<i>Fund Balances:</i>			
Reserved for:			
Prepaid Expenses	3,985	-	3,985
Inventory	12,859	432	13,291
Parks	38,025	-	38,025
Library	46,505	-	46,505
Debt Service	-	90,003	90,003
Capital Projects	1,990,428	-	1,990,428
Unreserved, reported in:			
General Fund	500,000	-	500,000
Special Revenue Funds	-	318,269	318,269
Capital Projects Funds	-	43,013	43,013
<i>Total Fund Balances</i>	<u>2,591,802</u>	<u>451,717</u>	<u>3,043,519</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 3,080,331</u>	<u>\$ 506,787</u>	<u>\$ 3,587,118</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 3,043,519
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,943,488
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	194,523
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Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(384,086)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(3,930,000)
---	-------------

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(29,408)</u>
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TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,838,036</u></u>
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CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 2,265,383	\$ 399,547	\$ 2,664,930
Nonproperty Taxes	2,265,681	85,655	2,351,336
Grants/Intergovernmental	58,326	171,394	229,720
Licenses, Permits, Fees and Fines	1,376,024	86,782	1,462,806
Other	200,947	47,055	248,002
TOTAL REVENUES	<u>6,166,361</u>	<u>790,433</u>	<u>6,956,794</u>
EXPENDITURES			
Current:			
Administration	1,138,676	-	1,138,676
Public Safety	3,440,963	119,500	3,560,463
Public Works	1,200,207	86,868	1,287,075
Parks and Recreation	103,365	-	103,365
Library	236,057	2,779	238,836
Community Center	-	91,199	91,199
Capital Projects/Outlay	-	340,782	340,782
Debt Service:			
Principal	-	250,000	250,000
Interest and Fiscal Charges	-	198,242	198,242
TOTAL EXPENDITURES	<u>6,119,268</u>	<u>1,089,370</u>	<u>7,208,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>47,093</u>	<u>(298,937)</u>	<u>(251,844)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	155,900	68,000	223,900
Transfers (Out)	(18,000)	(190,000)	(208,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>137,900</u>	<u>(122,000)</u>	<u>15,900</u>
Net Change in Fund Balances	184,993	(420,937)	(235,944)
Fund Balances at Beginning of Year	2,406,809	872,654	3,279,463
Fund Balances at End of Year	<u>\$ 2,591,802</u>	<u>\$ 451,717</u>	<u>\$ 3,043,519</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	(235,944)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.		113,634
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		31,611
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The repayment of principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net assets.		283,175
--	--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(7,188)
		(7,188)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	185,288
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CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	Business-Type Activities Water/Sewer Fund
ASSETS	
Current Assets:	
Cash and Cash Investments	\$ 789,161
Receivables (net of allowances for uncollectibles):	
Accounts	215,819
<i>Total Current Assets</i>	<u>1,004,980</u>
Noncurrent Assets:	
Restricted Cash and Cash Investments:	
Revenue Bond Covenant Account	162,572
Customer Deposits	109,598
Total Restricted Assets	<u>272,170</u>
Capital Assets:	
Land	76,348
Buildings	25,403
Water System Plant	3,126,640
Sewer System Plant	3,595,587
Equipment	392,521
Less Accumulated Depreciation	<u>(3,403,451)</u>
Total Capital Assets, net of accumulated depreciation	<u>3,813,048</u>
<i>Total Noncurrent Assets</i>	<u>4,085,218</u>
TOTAL ASSETS	<u><u>\$ 5,090,198</u></u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2005

	Business-Type Activities Water/Sewer Fund
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	\$ 122,317
Accrued Liabilities	9,063
Accrued Leave and Compensatory Time	25,670
Payable from Restricted Assets:	
Current Portion of Long-term Bonds	85,000
Accrued Interest Payable	4,131
Customer Deposits	109,598
Total Payable from Restricted Assets	198,729
Total Current Liabilities	355,779
Noncurrent Liabilities:	
Revenue Bonds Payable	70,000
Total Noncurrent Liabilities	70,000
TOTAL LIABILITIES	425,779
Net Assets:	
Invested in Capital Assets, net of related debt	3,658,048
Restricted Net Assets:	
Debt Service	162,572
Water Rights	149,240
Capital Projects	344,559
Unrestricted Net Assets	350,000
TOTAL NET ASSETS	4,664,419
TOTAL LIABILITIES & NET ASSETS	\$ 5,090,198

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	Business-Type Activities
	Water/Sewer Fund
OPERATING REVENUES	
Metered Water Sales	\$ 732,243
Sewer Sales Charges	1,161,103
Connection and Platting	3,750
Customer Penalties	18,737
Customer Disconnection Fees	2,530
Tapping Fees	7,500
TOTAL OPERATING REVENUES	<u>1,925,863</u>
OPERATING EXPENSES	
General and Administrative	362,948
Water System	379,448
Sewer System	927,332
Repairs and Maintenance	32,321
Depreciation	192,888
TOTAL OPERATING EXPENSES	<u>1,894,937</u>
OPERATING INCOME (LOSS)	<u>30,926</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	23,665
Miscellaneous Income	40,765
Interest and Fiscal Charges	(12,974)
Impact Fees	30,505
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>81,961</u>
Net Income (Loss) Before Contributions and Transfers	
Operating Transfers	112,887
Transfer In (Out)	<u>(15,900)</u>
CHANGE IN NET ASSETS	96,987
NET ASSETS AT BEGINNING OF YEAR	<u>4,567,432</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 4,664,419</u></u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business-Type Activities Water/Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 1,891,381
Cash Paid for Employee Wages & Benefits	(602,597)
Cash Paid to Suppliers for Goods & Services	(952,142)
Net Cash Provided (Used) by Operating Activities	<u>336,642</u>
Cash Flows From Noncapital Financing Activities:	
Customer Deposits Received (Returned)	11,972
Performance Bond Deposits Received (Returned)	(27,173)
Transfers From (To) Other Funds	(15,900)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(31,101)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase/Construction of Capital Assets	(84,674)
Principal Payments on Long-Term Debt	(80,000)
Interest and Fiscal Charges Paid	(12,974)
Impact Fees	30,505
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(147,143)</u>
Cash Flows From Investing Activities:	
Investment Interest Received	23,665
Net Cash Provided (Used) by Investing Activities	<u>23,665</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 182,063</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business-Type Activities Water/Sewer Fund
Cash and Cash Investments at Beginning of Year:	
Cash and Cash Investments	\$ 596,165
Restricted Cash and Cash Investments	283,103
	<u>879,268</u>
Cash and Cash Investments at End of Year:	
Cash and Cash Investments	789,161
Restricted Cash and Cash Investments	272,170
	<u>\$ 1,061,331</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 30,926
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	192,888
Miscellaneous Income Collected	40,765
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(34,482)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	105,044
Accrued Wages & Benefits	1,501
	<u>305,716</u>
	<u>\$ 336,642</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Leon Valley, Texas ("City"), was incorporated in 1952. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the criteria of GASB Nos. 14 and 39, there were no component units identified that would require inclusion in this report.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds or component units.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund is the only City fund that meets the criteria as a *major governmental fund*. The combined amounts for all nonmajor funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary and fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2005, and became due October 1, 2005 have been assessed to finance the budget of the fiscal year beginning October 1, 2005 and, accordingly, have been reflected as deferred revenue and taxes receivable in the fund financial statement at September 30, 2005.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

Nonmajor funds include Special revenue funds, Capital projects funds and Debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Water/Sewer Fund (used to account for the provision of water and sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH INVESTMENTS

For purposes of the statement of cash flows, the Enterprise Fund (Water and Sewer Fund) considers all highly liquid investments including cash in banks, cash on hand, money market accounts, deposits in local government investment pools, and restricted cash and temporary investments to be cash equivalents.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS (Continued)

obligations that are described by (a) - (d); or, (f). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2004 and past due after January 31, 2005. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

8. INVENTORIES

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. BUDGET

An operating budget is adopted each fiscal year for all City funds. The budget is adopted on the GAAP basis of accounting. Additional budgetary information is provided on page 46.

10. RESTRICTED ASSETS

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt services as provided under bond indenture agreements.

Also, considered as restricted assets are deposits of Water\Sewer customers and performance bond deposits pending refund to the customer.

11. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset</u>	<u>Useful Lives (Years)</u>
Buildings	50 years
Improvements other than buildings	50 years
Infrastructure	50 years
Utility system in service	50 years
Machinery and equipment	3-30 years

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. COMPENSATED ABSENCES

Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the Enterprise Fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay and compensatory time at September 30, 2005, of \$25,670 and \$384,086 has been recorded in accrued liabilities of the Enterprise Fund and government-wide statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The General Fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

13. DEFERRED/UNEARNED REVENUE

Property tax revenues and emergency medical service revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue and emergency medical service revenues not expected to be available for the current period are reflected as deferred revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. FUND EQUITY

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Fund reservations include special revenues, capital projects, debt service, and inventories.

16. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

17. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

18. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

19. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE B -- CASH AND CASH INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash.

At September 30, 2005, the carrying amount of the primary government's (the City) cash on hand was \$1,200 and deposits in bank were \$223,129 and the bank balance was \$451,822. Of the bank balance, \$100,000 was covered by federal deposit insurance and the City's depository had pledged securities having a face value of \$2,243,493 and market value of \$2,288,047 as collateral for the City's deposits. All of the City's cash was fully collateralize.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investments at September 30, 2005 are as shown below:

	Reported Value	Fair Value
TexPool	\$ 3,825,204	\$ 3,825,204
Total Investments	<u>\$ 3,825,204</u>	<u>\$ 3,825,204</u>

During the period, the City invested in the following types of investments which were not held at September 30, 2005.

Federal Home Loan Note
Federal Home Loan Discount Note

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE B -- CASH AND CASH INVESTMENTS (CONTINUED)

2. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

At September 30, 2005, the City's investments were all in TexPool a public funds investment pool where all securities held maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to interest rate.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE B -- CASH AND CASH INVESTMENTS (CONTINUED)

3. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

4. Public Funds Investment Pools

Public funds investment pools in Texas ("Pools" are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, as are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE C -- SPECIAL ASSESSMENTS

The City levied special assessments in 1986 against various property owners benefiting from public improvements completed in 1987. In accordance with the provisions of the assessment certificates issued for the property owners, assessments are due and payable at the time of completion. All assessments receivable as of September 30, 2005, are considered delinquent. These public improvements were funded through a note payable at the City's depository bank. Collections from assessment accounts were insufficient to cover the required note payments and therefore, the City's General Fund paid the note in full through an operating transfer. Accordingly, current and future principal and interest collections on these delinquent accounts will be used to reimburse the City's General Fund. The related assessments receivable, revenues, deferred revenue, and debt payments are reported in the Debt Service Fund.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE D -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2005, upon which the fiscal 2005 levy was based, was \$515,686,742 (i.e., market value less exemptions). The estimated market value was \$552,580,911, making the taxable value 93.32% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2005, was \$.5174 per \$100 of assessed value, which means that the City has a tax margin of \$1.9826 for each \$100 value and could increase its annual tax levy by approximately \$10,224,005 based upon the present assessed valuation of \$515,686,742 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code by more than three percent (3%) without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

NOTE E -- INTERFUND RECEIVABLE/PAYABLE

The City had no interfund receivables or payables at year end.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2005, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2004	Additions/ Transfers In	Disposals/ Transfers Out	Balance 9/30/2005
Land	\$ 610,182	\$ -	\$ -	\$ 610,182
Buildings	2,682,662	-	-	2,682,662
Improvements Other Than Buildings	898,847	222,159	-	1,121,006
Transportation & Equipment	3,197,318	319,769	(146,537)	3,370,550
Infrastructure	9,383,527	113,993	-	9,497,520
Capital Lease	142,416	-	(142,416)	-
	<u>16,914,952</u>	<u>655,921</u>	<u>(288,953)</u>	<u>17,281,920</u>
Less Accumulated Depreciation:				
Buildings	(949,496)	(63,147)	-	(1,012,643)
Improvement Other Than Buildings	(146,875)	(10,754)	-	(157,629)
Transportation & Equipment	(1,666,448)	(264,490)	135,917	(1,795,021)
Infrastructure	(5,274,355)	(98,784)	-	(5,373,139)
Capital Lease	(37,304)	(8,820)	46,124	-
	<u>(8,074,478)</u>	<u>(445,995)</u>	<u>182,041</u>	<u>(8,338,432)</u>
Governmental Capital Assets, Net	<u>\$ 8,840,474</u>	<u>\$ 209,926</u>	<u>\$ (106,912)</u>	<u>\$ 8,943,488</u>
<i>Business-type Activities</i>				
Land	\$ 57,658	\$ 18,690	\$ -	\$ 76,348
Buildings	25,403	-	-	25,403
Improvement Other Than Buildings	6,658,414	63,813	-	6,722,227
Transportation & Equipment	392,521	-	-	392,521
Totals at Historical Cost	<u>7,133,996</u>	<u>82,503</u>	<u>-</u>	<u>7,216,499</u>
Less Accumulated Depreciation:				
Buildings	(15,017)	(410)	-	(15,427)
Improvement Other Than Buildings	(2,847,073)	(186,097)	-	(3,033,170)
Transportation & Equipment	(348,473)	(6,381)	-	(354,854)
	<u>(3,210,563)</u>	<u>(192,888)</u>	<u>-</u>	<u>(3,403,451)</u>
Business-type Capital Assets, Net	<u>\$ 3,923,433</u>	<u>\$ (110,385)</u>	<u>\$ -</u>	<u>\$ 3,813,048</u>

Land is not being depreciated.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation Expense was charged to the governmental functions as follows:

Administration	\$ 43,210
Public Safety	131,602
Public Works	150,894
Parks and Recreation	9,479
Community Center	28,172
Library	<u>36,514</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 399,871</u></u>

Depreciation expense on page 37 includes \$46,124 in Capital Lease depreciation transferred to Transportation and Equipment.

NOTE G -- LONG-TERM DEBT

Primary Government

Long-term debt and obligations payable at September 30, 2005, comprise the following individual issues:

General Obligation Bonds:

\$3,535,000 1998 Combination Tax and Limited-Pledge Revenue Certificates of Obligation Bonds due in annual installments of \$110,000 to \$345,000 through 2018; interest at 4.40% to 5.00%	<u>\$ 3,425,000</u>
<i>Total General Obligation Bonds</i>	<u><u>3,425,000</u></u>

Tax Anticipation Notes

\$750,000 2000 Tax Notes payable in annual installments of \$40,000 to \$440,000 through 2007; interest at 5.45% to 5.55 %	<u>505,000</u>
<i>Total Certificates of Obligation</i>	<u><u>505,000</u></u>

Total Governmental Long-Term Obligations	<u><u>\$ 3,930,000</u></u>
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Utility Fund Revenue Bonds:

\$835,000 Utility System Revenue Bonds, Series 1976, due in annual installments of \$10,000 to \$65,000 through 2006; interest at 6.40% to 7.00%	\$ 65,000
\$400,000 Utility System Revenue Bonds, Series 1978, due in annual installments of \$10,000 to \$25,000 through 2009; interest at 5.5% to 6.625%	<u>90,000</u>
Total Utility Fund Revenue Bonds	<u><u>\$ 155,000</u></u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE G -- LONG-TERM DEBT (Continued)

The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Water/Sewer System and to provide for the payment of bond principal and interest. Included in these requirements is maintenance of a "Reserve Fund" for the payment of bond principal and interest when other required accounts are insufficient for that purpose. The Reserve Fund is to contain, at a minimum, an amount equal to the accrued principal and interest owed plus \$86,682, which is \$158,730. The Reserve Fund meets the minimum requirements at September 30, 2005. The City is in compliance with other significant requirements. The assets of these restricted accounts are classified in the balance sheet as restricted assets.

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2005, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 260,000	\$ 184,366	\$ 85,000	\$ 7,770
2007	645,000	161,534	20,000	4,375
2008	215,000	139,925	25,000	3,125
2009	225,000	129,913	25,000	1,562
2010	235,000	119,332	-	-
2011-2015	1,360,000	415,706	-	-
2016-2018	990,000	75,592	-	-
	<u>\$ 3,930,000</u>	<u>\$ 1,226,368</u>	<u>\$ 155,000</u>	<u>\$ 16,832</u>
Average Annual Requirements		<u>\$ 396,644</u>		<u>\$ 42,958</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE G -- LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

<u>Governmental Activities</u>	<u>Balance 10/1/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2004</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 3,615,000	\$ -	\$ (190,000)	\$ 3,425,000	\$ 195,000
Tax Anticipation Notes 2000	565,000	-	(60,000)	505,000	65,000
Capital Lease	33,175	-	(33,175)	-	-
Compensated Absences	385,636	83,652	(85,202)	384,086	15,875
Total Governmental Activities	<u>\$ 4,598,811</u>	<u>\$ 83,652</u>	<u>\$ (368,377)</u>	<u>\$ 4,314,086</u>	<u>\$ 275,875</u>
<u>Business-type Activities</u>					
Revenue Bonds	\$ 235,000	\$ -	\$ (80,000)	\$ 155,000	\$ 80,000
Compensated Absences	25,139	8,952	(8,421)	25,670	455
Total Business-Type Activities	<u>260,139</u>	<u>8,952</u>	<u>(88,421)</u>	<u>180,670</u>	<u>80,455</u>
Total Government	<u>\$ 4,858,950</u>	<u>\$ 92,604</u>	<u>\$ (456,798)</u>	<u>\$ 4,494,756</u>	<u>\$ 356,330</u>

In accordance with the bond agreements, the following information is presented:

- Insurance in force at September 30, 2005, related to the water and sewer system is as follows:

Company	- Texas Municipal League Intergovernmental Risk Pool
Contract Number	- 8259-01
Contract Period	- October 1, 2004 – September 30, 2005
Coverage	- All risk, replacement cost

- Wells Fargo Bank and Frost National Bank pledge securities to cover excess funds of the City held by the banks over the Federal Deposit Insurance Corporation coverage. As of September 30, 2005, the pledge securities were comprised of the following:

	<u>MARKET VALUE</u>
Wells Fargo Bank:	
Federal National Mortgage Securities	\$ 2,288,047

- The Reserve Fund was comprised of the following as of September 30, 2005:

TexPool Investment Pool	\$ 162,572
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- The number of customers connected with the water and sewer system was as follows as of September 30, 2005:

Water	-	2158
Sewer	-	2094

- The number of gallons of water flowing into the waterworks system during the year was approximately 347,467,787 and the number of gallons sold during the year was approximately 314,902,060 as reported by management.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of over 801 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service, or with 20 years of service regardless of age. An employee is vested after 10 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 6% of the employee rate, while the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2004 valuation is effective for rates beginning January 2006.).

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Municipal Retirement System (Continued)

Contributions Continued

For 2005, the City's annual pension cost \$561,541 was equal to the City's required and actual contributions. The City has no net pension obligation for the current or prior years, annual required contribution have been paid in full each year. The actuarial assumptions include (a) 7% investment rate of return, (b) no projected salary increases, (c) no inflation component and (d) the amortization period is open. The actuarial value of TMRS assets was determined based on market-related values. Additional supplementary three-year trend information may be found on page 51.

NOTE I -- OPERATING TRANSFERS

Operating Transfers:

Operating transfers during the year ended September 30, 2005, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 155,900	\$ 18,000
Nonmajor Governmental Funds		
Community Center (Special Revenue) Fund	-	50,000
Child Safety (Special Revenue) Fund	18,000	-
Building Security (Special Revenue) Fund	-	140,000
Debt Service Fund	50,000	-
	<u>68,000</u>	<u>190,000</u>
Utility (Water\Sewer) Fund:		
General Fund	-	15,900
	<u>-</u>	<u>15,900</u>
Total	<u>\$ 223,900</u>	<u>\$ 223,900</u>

General Fund provided additional funds for school crossing guards.

General Fund received back funds advanced to the Building Security Fund for court improvements and received funds from the Utility Fund for a capital lease payment.

Community Center provided Debt Service funding to pay on bonds issued to build the Community Center.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE J -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Commitments

The City of Leon Valley has entered into commitments for various projects as follows:

	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Sewer Line Televised Testing	\$ 15,136	\$ -	\$ 15,136
Street Improvements	221,500	73,301	148,199
Chambers House	4,000	-	4,000
Total Estimated Future Commitments	<u>\$ 240,636</u>	<u>\$ 73,301</u>	<u>\$ 167,335</u>

NOTE K -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2005 were \$183,334 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Funding Progress – Defined Benefit

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE ACTUAL TOTALS FOR 2004

	Budgeted Amounts			Variance With	
	Original	Final	2005 Actual Amounts	Final Budget - Positive (Negative)	2004 Actual Amounts
REVENUES					
Property Taxes	\$ 2,298,915	\$ 2,298,915	\$ 2,265,383	\$ (33,532)	\$ 2,212,799
Nonproperty Taxes	2,303,081	2,303,081	2,265,681	(37,400)	2,323,274
Grants/Intergovernmental	18,989	18,989	58,326	39,337	21,344
Licenses, Permits, Fees and Fines	1,214,760	1,214,760	1,376,024	161,264	1,177,929
Other	71,500	71,500	200,947	129,447	94,584
TOTAL REVENUES	5,907,245	5,907,245	6,166,361	259,116	5,829,930
EXPENDITURES					
Administrative:					
Business Office:					
Personnel Services	173,877	173,877	156,603	17,274	167,418
Supplies	21,000	21,000	24,773	(3,773)	15,738
Contracted Services	45,103	45,103	51,476	(6,373)	47,750
Capital Outlay	23,300	44,300	57,743	(13,443)	42,823
Total Administration	263,280	284,280	290,595	(6,315)	273,729
Finance and Accounting:					
Personnel Services	136,896	136,896	136,687	209	132,349
Supplies	7,665	7,665	6,800	865	6,073
Contracted Services	60,439	60,439	54,785	5,654	54,108
Capital Outlay	-	-	-	-	3,819
Total Financial Administration	205,000	205,000	198,272	6,728	196,349
Council and Manager:					
Personnel Services	188,429	254,514	236,694	17,820	180,807
Supplies	-	-	6	(6)	279
Contracted Services	74,310	74,310	86,287	(11,977)	74,189
Total City Manager	262,739	328,824	322,987	5,837	255,275
Community Development:					
Personnel Services	157,552	189,136	179,476	9,660	146,086
Supplies	16,050	18,866	19,386	(520)	11,627
Contracted Services	90,475	91,075	100,984	(9,909)	84,146
Capital Outlay	9,000	32,000	26,976	5,024	2,163
Total Community Development	273,077	331,077	326,822	4,255	244,022
Total Administrative	\$ 1,004,096	\$ 1,149,181	\$ 1,138,676	\$ 10,505	\$ 969,375

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE ACTUAL TOTALS FOR 2004

	Budgeted Amounts		2005 Actual Amounts	Variance With Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
Public Safety:					
Law Enforcement/Administration:					
Personnel Services	\$ 239,853	\$ 239,853	\$ 238,165	\$ 1,688	\$ 208,405
Supplies	1,600	1,600	1,890	(290)	1,748
Contracted Services	28,242	28,242	30,002	(1,760)	29,511
Capital Outlay	12,000	12,000	1,556	10,444	-
Total Law Enforcement/Administration	281,695	281,695	271,613	10,082	239,664
Law Enforcement/Crime Prevention:					
Personnel Services	47,432	47,432	55,098	(7,666)	47,202
Supplies	650	650	975	(325)	170
Contracted Services	508	508	509	(1)	674
Total Law Enforcement/Crime Prevention:	48,590	48,590	56,582	(7,992)	48,046
Law Enforcement/Patrol:					
Personnel Services	919,378	919,378	886,431	32,947	866,389
Supplies	38,700	38,700	52,678	(13,978)	41,922
Contracted Services	7,683	7,683	14,458	(6,775)	5,933
Capital Outlay	61,000	61,000	48,437	12,563	-
Total Law Enforcement/Patrol:	1,026,761	1,026,761	1,002,004	24,757	914,244
Law Enforcement/Communications:					
Personnel Services	241,878	241,878	237,216	4,662	233,608
Supplies	950	950	964	(14)	353
Contracted Services	10,887	10,887	7,671	3,216	11,670
Total Law Enforcement/Communications:	253,715	253,715	245,851	7,864	245,631
Law Enforcement/Investigations:					
Personnel Services	167,004	167,004	154,695	12,309	135,721
Supplies	1,400	1,400	2,055	(655)	2,003
Contracted Services	3,650	3,650	4,030	(380)	1,862
Total Law Enforcement/Investigations:	172,054	172,054	160,780	11,274	139,586
Law Enforcement/Narcotics:					
Personnel Services	55,817	55,817	55,321	496	55,001
Contracted Services	-	-	118	(118)	82
Total Law Enforcement/Narcotics:	\$ 55,817	\$ 55,817	\$ 55,439	\$ 378	\$ 55,083

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE ACTUAL TOTALS FOR 2004

	Budgeted Amounts		2005 Actual Amounts	Variance With Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
Public Safety: (Cont.)					
Law Enforcement/Reserve Offices:					
Personnel Services	\$ 5,541	\$ 5,541	\$ 4,865	\$ 676	\$ 4,753
Contracted Services	-	-	553	(553)	-
Total Law Enforcement/Reserve Offices:	5,541	5,541	5,418	123	4,753
Fire Protection/Administration:					
Personnel Services	167,340	167,340	159,929	7,411	124,830
Supplies	4,300	4,300	3,846	454	3,257
Contracted Services	26,512	26,512	27,851	(1,339)	27,203
Capital Outlay	-	-	1,087	(1,087)	874
Total Fire Protection/Administration	198,152	198,152	192,713	5,439	156,164
Fire Protection/Operations:					
Personnel Services	1,262,935	1,262,935	1,247,996	14,939	1,209,930
Supplies	14,000	14,000	12,831	1,169	9,967
Contracted Services	22,310	45,294	46,196	(902)	29,005
Capital Outlay	21,000	49,504	44,698	4,806	22,861
Total Fire Protection/Operations	1,320,245	1,371,733	1,351,721	20,012	1,271,763
Fire Protection/Prevention:					
Personnel Services	854	854	745	109	1,618
Supplies	2,000	2,000	1,759	241	1,650
Contracted Services	2,007	2,007	2,015	(8)	1,121
Total Fire Protection/Prevention	4,861	4,861	4,519	342	4,389
Emergency Medical Services:					
Personnel Services	12,326	12,326	10,754	1,572	10,405
Supplies	28,100	30,933	28,433	2,500	26,093
Contracted Services	50,920	50,920	53,463	(2,543)	44,998
Capital Outlay	1,400	1,400	1,673	(273)	1,204
Total Emergency Medical Services	92,746	95,579	94,323	1,256	82,700
Total Public Safety	3,460,177	3,514,498	3,440,963	73,535	3,162,023
Public Works:					
Maintenance and Operations:					
Personnel Services	496,269	496,269	493,537	2,732	468,057
Supplies	82,600	82,600	79,531	3,069	74,377
Contracted Services	199,505	199,505	159,034	40,471	133,033
Capital Outlay	29,900	29,900	28,241	1,659	14,828
Total Maintenance and Operations	\$ 808,274	\$ 808,274	\$ 760,343	47,931	\$ 690,295

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE ACTUAL TOTALS FOR 2004

	Budgeted Amounts		2005 Actual Amounts	Variance With Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
Public Works (Cont.):					
Construction:					
Personnel Services	\$ 191,140	\$ 191,140	\$ 187,743	\$ 3,397	\$ 169,390
Supplies	35,000	35,000	40,398	(5,398)	36,814
Contracted Services	200,000	397,000	186,723	210,277	6,784
Capital Outlay	-	25,000	25,000	-	154
Total Construction	426,140	648,140	439,864	208,276	213,142
Total Public Works	1,234,414	1,456,414	1,200,207	256,207	903,437
Parks and Recreation:					
Personnel Services	47,781	47,781	48,877	(1,096)	45,687
Supplies	30,500	30,500	29,664	836	20,493
Contracted Services	23,000	23,000	24,824	(1,824)	19,999
Capital Outlay	8,500	8,500	-	8,500	5,990
Total Parks and Recreation	109,781	109,781	103,365	6,416	92,169
Library:					
Personnel Services	165,764	165,764	165,660	104	159,408
Supplies	9,308	11,808	8,881	2,927	9,448
Contracted Services	36,874	36,874	33,404	3,470	27,571
Capital Outlay	22,900	25,341	28,112	(2,771)	21,841
Total Library	234,846	239,787	236,057	3,730	218,268
TOTAL EXPENDITURES	6,043,314	6,469,661	6,119,268	350,393	5,345,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,069)	(562,416)	47,093	609,509	484,658
Other Financing Sources (Uses)					
Operating Transfer In	20,000	160,000	155,900	(4,100)	175,839
Operating Transfer (Out)	(18,000)	(18,000)	(18,000)	-	(158,000)
Total Other Financing Sources (Uses)	\$ 2,000	\$ 142,000	\$ 137,900	\$ (4,100)	\$ 17,839

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE ACTUAL TOTALS FOR 2004

	Budgeted Amounts		2005 Actual Amounts	Variance With Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	\$ (134,069)	\$ (420,416)	\$ 184,993	\$ 605,409	\$ 502,497
Fund Balance at Beginning of Year	2,406,809	2,406,809	2,406,809	-	1,746,196
Prior Period Adjustment	-	-	-	-	158,116
Fund Balance at End of Year	<u>\$ 2,272,740</u>	<u>\$ 1,986,393</u>	<u>\$ 2,591,802</u>	<u>\$ 605,409</u>	<u>\$ 2,406,809</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2005

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Debt Service Fund, and Special Revenue Funds. Project – length financial plans are adopted for the Capital Projects Funds. The Linkwood Debt Service Fund has no budget (see Note C).

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2002	\$ 12,688,235	\$ 15,298,358	82.9%	\$ 2,610,123	\$ 3,559,471	73.3%
2003	\$ 11,809,351	\$ 14,862,229	79.5%	\$ 3,052,878	\$ 3,295,718	92.6%
2004	\$ 12,880,858	\$ 15,795,905	81.5%	\$ 2,915,047	\$ 3,695,464	78.9%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated cost as of December 31 of the preceding year.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes combining and individual financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Individual Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Funds with approved Budgets
- Comparative Statements – General Fund
- Comparative Statements – Enterprise (Utility) Fund

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CITY OF LEON VALLEY, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Center – to account for the expenditures of funds received primarily from a hotel-motel tax to be used for the Community Civic Center.

Grant Fund – to account for the expenditures of funds received from various grant monies for specific programs.

Child Safety Fund – to account for expenditures for the drug awareness and prevention program, school crossing guards, and other child safety programs.

Police Forfeiture Fund – to account for revenues received from seized assets and the corresponding restricted expenditures.

Building Security Fund – to account for revenues received from building security fees and the corresponding restricted expenditures.

Court Technology – to account for revenues received from court technology fees and the corresponding restricted expenditures.

DEBT SERVICE FUNDS

Debt Service funds are used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on general long-term debt.

CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for proceeds from bond issues and other resources specifically designated for capital expenditures.

CITY OF LEON VALLEY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	Special Revenue Funds			
	Community Center Fund	Grant Fund	Child Safety Fund	Police Forfeiture Fund
ASSETS				
Assets:				
Cash and Cash Investments	\$ 68,551	\$ 12,994	\$ 8,591	\$ 185,665
Receivables (net of allowances for uncollectibles):				
Property Taxes	-	-	-	-
Nonproperty Taxes	16,357	-	-	-
Special Assessment	-	-	-	-
Due from Other Governments	-	-	831	-
Inventory	432	-	-	-
TOTAL ASSETS	<u>\$ 85,340</u>	<u>\$ 12,994</u>	<u>\$ 9,422</u>	<u>\$ 185,665</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 2,913	\$ -	\$ -	\$ 70
Deposits Payable	19,615	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>22,528</u>	<u>-</u>	<u>-</u>	<u>70</u>
Fund Balance				
Reserved for Inventory	432	-	-	-
Unreserved	62,380	12,994	9,422	185,595
Total Fund Balances	<u>62,812</u>	<u>12,994</u>	<u>9,422</u>	<u>185,595</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 85,340</u>	<u>\$ 12,994</u>	<u>\$ 9,422</u>	<u>\$ 185,665</u>

Building Security Fund	Court Technology Fund	Capital Projects Fund	Debt Service Funds		Totals
		Capital Projects Fund	Debt Service Fund	Debt Service Lindwood Fund	
\$ 14,943	\$ 34,321	\$ 43,013	\$ 90,003	\$ -	\$ 458,081
-	-	-	19,342	-	19,342
-	-	-	-	-	16,357
-	-	-	-	11,744	11,744
-	-	-	-	-	831
-	-	-	-	-	432
<u>\$ 14,943</u>	<u>\$ 34,321</u>	<u>\$ 43,013</u>	<u>\$ 109,345</u>	<u>\$ 11,744</u>	<u>\$ 506,787</u>
\$ 517	\$ 869	\$ -	\$ -	\$ -	4,369
-	-	-	-	-	19,615
-	-	-	19,342	11,744	31,086
<u>517</u>	<u>869</u>	<u>-</u>	<u>19,342</u>	<u>11,744</u>	<u>55,070</u>
-	-	-	-	-	432
<u>14,426</u>	<u>33,452</u>	<u>43,013</u>	<u>90,003</u>	<u>-</u>	<u>451,285</u>
<u>14,426</u>	<u>33,452</u>	<u>43,013</u>	<u>90,003</u>	<u>-</u>	<u>451,717</u>
<u>\$ 14,943</u>	<u>\$ 34,321</u>	<u>\$ 43,013</u>	<u>\$ 109,345</u>	<u>\$ 11,744</u>	<u>\$ 506,787</u>

CITY OF LEON VALLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

REVENUES	Special Revenue Funds			
	Community Center Fund	Grant Fund	Child Safety Fund	Police Forfeiture Fund
Taxes	\$ 85,655	\$ -	\$ -	\$ -
Grants\Intergovernmental	-	78,176	-	93,218
Charges for Services	-	-	-	-
Fines and Forfeits	-	2,099	13,725	-
Rent	39,947	-	-	-
Miscellaneous	35	-	-	-
Interest	-	-	-	3,116
TOTAL REVENUES	<u>125,637</u>	<u>80,275</u>	<u>13,725</u>	<u>96,334</u>
EXPENDITURES				
Current	91,199	2,779	29,055	32,221
Capital Outlay	-	86,868	-	96,375
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
TOTAL EXPENDITURES	<u>91,199</u>	<u>89,647</u>	<u>29,055</u>	<u>128,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,438</u>	<u>(9,372)</u>	<u>(15,330)</u>	<u>(32,262)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	18,000	-
Operating Transfers Out	(50,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>-</u>	<u>18,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(15,562)</u>	<u>(9,372)</u>	<u>2,670</u>	<u>(32,262)</u>
Fund Balances/Equity, October 1	<u>78,374</u>	<u>22,366</u>	<u>6,752</u>	<u>217,857</u>
Fund Balances/Equity September 30	<u>\$ 62,812</u>	<u>\$ 12,994</u>	<u>\$ 9,422</u>	<u>\$ 185,595</u>

Building Security Fund	Court Technology Fund	Capital Projects Fund	Debt Service Funds		Total
		Capital Projects Fund	Debt Service Fund	Debt Service Lindwood Fund	
\$ -	\$ -	\$ -	\$ 399,547	\$ -	\$ 485,202
-	-	-	-	-	171,394
30,471	40,487	-	-	-	70,958
-	-	-	-	-	15,824
-	-	-	-	-	39,947
-	-	-	-	-	35
-	-	3,957	-	-	7,073
<u>30,471</u>	<u>40,487</u>	<u>3,957</u>	<u>399,547</u>	<u>-</u>	<u>790,433</u>
42,764	15,460	-	-	-	213,478
1,191	42,141	201,075	-	-	427,650
-	-	-	250,000	-	250,000
-	-	-	198,242	-	198,242
<u>43,955</u>	<u>57,601</u>	<u>201,075</u>	<u>448,242</u>	<u>-</u>	<u>1,089,370</u>
<u>(13,484)</u>	<u>(17,114)</u>	<u>(197,118)</u>	<u>(48,695)</u>	<u>-</u>	<u>(298,937)</u>
-	-	-	50,000	-	68,000
<u>(140,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,000)</u>
<u>(140,000)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(122,000)</u>
(153,484)	(17,114)	(197,118)	1,305	-	(420,937)
<u>167,910</u>	<u>50,566</u>	<u>240,131</u>	<u>88,698</u>	<u>-</u>	<u>872,654</u>
<u>\$ 14,426</u>	<u>\$ 33,452</u>	<u>\$ 43,013</u>	<u>\$ 90,003</u>	<u>\$ -</u>	<u>\$ 451,717</u>

CITY OF LEON VALLEY, TEXAS
COMMUNITY CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		Actual
REVENUES					
Nonproperty Taxes:					
Hotel Tax	\$ 100,000	\$ 100,000	\$ 85,655	\$ (14,345)	\$ 97,288
Other Revenues:					
Rent	30,000	30,000	39,947	9,947	34,940
Miscellaneous	-	-	35	35	157
TOTAL REVENUES	<u>130,000</u>	<u>130,000</u>	<u>125,637</u>	<u>(4,363)</u>	<u>132,385</u>
EXPENDITURES					
Community Center:					
Personnel Services	53,723	53,723	51,958	1,765	50,091
Supplies	5,200	5,200	1,741	3,459	1,945
Contractual Services	46,000	46,000	37,500	8,500	43,649
Total Community Center	<u>104,923</u>	<u>104,923</u>	<u>91,199</u>	<u>13,724</u>	<u>95,685</u>
TOTAL EXPENDITURES	<u>104,923</u>	<u>104,923</u>	<u>91,199</u>	<u>13,724</u>	<u>95,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	25,077	25,077	34,438	9,361	36,700
OTHER FINANCING SOURCES (USES)					
Operating Transfers (Out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	-	<u>(50,000)</u>
TOTAL OTHER SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	-	<u>(50,000)</u>
Excess (Deficiency) of Revenues and Other Sources (Over) Under Expenditures and other (Uses)	(24,923)	(24,923)	(15,562)	9,361	(13,300)
FUND BALANCE AT BEGINNING OF YEAR	<u>78,374</u>	<u>78,374</u>	<u>78,374</u>	-	<u>91,674</u>
FUND BALANCE AT END OF YEAR	<u>\$ 53,451</u>	<u>\$ 53,451</u>	<u>\$ 62,812</u>	<u>\$ 9,361</u>	<u>\$ 78,374</u>

CITY OF LEON VALLEY, TEXAS
GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		Actual
REVENUES					
Grants	\$ 3,099	\$ 3,099	\$ 78,176	\$ 75,077	\$ 150,754
Fines and Forfeitures	-	-	2,099	2,099	3,101
TOTAL REVENUES	<u>3,099</u>	<u>3,099</u>	<u>80,275</u>	<u>77,176</u>	<u>153,855</u>
EXPENDITURES					
Public Safety:					
Contractual Services	3,099	3,099	2,779	320	500
Total Public Safety	<u>3,099</u>	<u>3,099</u>	<u>2,779</u>	<u>500</u>	<u>500</u>
Public Works:					
Capital Outlay	-	285,851	86,868	198,983	141,285
Total Public Works	<u>-</u>	<u>285,851</u>	<u>86,868</u>	<u>198,983</u>	<u>141,285</u>
Library:					
Capital Outlay	-	-	-	-	14,620
Total Library	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,620</u>
TOTAL EXPENDITURES	<u>3,099</u>	<u>288,950</u>	<u>89,647</u>	<u>199,303</u>	<u>156,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	-	(285,851)	(9,372)	276,479	(2,550)
FUND BALANCE AT BEGINNING OF YEAR	<u>22,366</u>	<u>22,366</u>	<u>22,366</u>	<u>-</u>	<u>24,916</u>
FUND BALANCE AT END OF YEAR	<u>\$ 22,366</u>	<u>\$ (263,485)</u>	<u>\$ 12,994</u>	<u>\$ 276,479</u>	<u>\$ 22,366</u>

CITY OF LEON VALLEY, TEXAS
CHILD SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		Actual
REVENUES					
Fines and Forfeitures	\$ 13,000	\$ 13,000	\$ 13,725	\$ 725	\$ 12,616
TOTAL REVENUES	<u>13,000</u>	<u>13,000</u>	<u>13,725</u>	<u>725</u>	<u>12,616</u>
EXPENDITURES					
Public Safety:					
Personnel Services	30,406	30,406	29,009	1,397	27,457
Supplies	1,650	1,650	33	1,617	-
Contractual Services	-	-	13	(13)	16
Total Public Safety	<u>32,056</u>	<u>32,056</u>	<u>29,055</u>	<u>3,001</u>	<u>27,473</u>
TOTAL EXPENDITURES	<u>32,056</u>	<u>32,056</u>	<u>29,055</u>	<u>3,001</u>	<u>27,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	(19,056)	(19,056)	(15,330)	3,726	(14,857)
OTHER FINANCING SOURCES (USES)					
Operating Transfer In	18,000	18,000	18,000	-	18,000
TOTAL OTHER SOURCES (USE)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Excess (Deficiency) of Revenues and Other Sources (Over) Under Expenditures and other (Uses)	(1,056)	(1,056)	2,670	3,726	3,143
FUND BALANCE AT BEGINNING YEAR	<u>6,752</u>	<u>6,752</u>	<u>6,752</u>	<u>-</u>	<u>3,609</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,696</u>	<u>\$ 5,696</u>	<u>\$ 9,422</u>	<u>\$ 3,726</u>	<u>\$ 6,752</u>

CITY OF LEON VALLEY, TEXAS
POLICE FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		Actual
REVENUES					
Fines and Forfeitures	\$ -	\$ -	\$ 93,218	\$ 93,218	\$ 313,584
Other:					
Interest Income	-	-	3,116	3,116	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>96,334</u>	<u>96,334</u>	<u>313,584</u>
EXPENDITURES					
Public Safety:					
Personnel Services	-	12,000	3,524	8,476.00	-
Supplies	21,320	21,320	26,790	(5,470)	12,297
Contractual Services	41,292	41,292	1,907	39,385	43,187
Capital Outlay	-	64,500	96,375	(31,875)	144,043
Total Public Safety	<u>62,612</u>	<u>139,112</u>	<u>128,596</u>	<u>10,516</u>	<u>199,527</u>
TOTAL EXPENDITURES	<u>62,612</u>	<u>139,112</u>	<u>128,596</u>	<u>10,516</u>	<u>199,527</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	(62,612)	(139,112)	(32,262)	106,850	114,057
FUND BALANCE AT BEGINNING OF YEAR	<u>217,857</u>	<u>217,857</u>	<u>217,857</u>	<u>-</u>	<u>103,800</u>
FUND BALANCE AT END OF YEAR	<u>\$ 155,245</u>	<u>\$ 78,745</u>	<u>\$ 185,595</u>	<u>\$ 106,850</u>	<u>\$ 217,857</u>

CITY OF LEON VALLEY, TEXAS
BUILDING SECURITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		Actual
REVENUES					
Fines and Forfeitures	\$ 30,000	\$ 30,000	\$ 30,471	\$ 471	\$ 25,633
TOTAL REVENUES	<u>30,000</u>	<u>30,000</u>	<u>30,471</u>	<u>471</u>	<u>25,633</u>
EXPENDITURES					
Public Safety:					
Personnel Services	-	-	24,014	(24,014)	33,903
Supplies	3,000	3,000	125	2,875	-
Contractual Services	3,000	3,000	18,625	(15,625)	15,404
Capital Outlay	166,000	166,000	1,191	164,809	-
Total Public Safety	<u>172,000</u>	<u>172,000</u>	<u>43,955</u>	<u>128,045</u>	<u>49,307</u>
TOTAL EXPENDITURES	<u>172,000</u>	<u>172,000</u>	<u>43,955</u>	<u>128,045</u>	<u>49,307</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	<u>(142,000)</u>	<u>(142,000)</u>	<u>(13,484)</u>	<u>128,516</u>	<u>(23,674)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfer Out	(20,000)	(160,000)	(140,000)	20,000	140,000
TOTAL OTHER SOURCES (USE)	<u>(20,000)</u>	<u>(160,000)</u>	<u>(140,000)</u>	<u>20,000</u>	<u>140,000</u>
Excess (Deficiency) of Revenues and Other Sources (Over) Under Expenditures and other (Uses)	<u>(162,000)</u>	<u>(302,000)</u>	<u>(153,484)</u>	<u>148,516</u>	<u>116,326</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>167,910</u>	<u>167,910</u>	<u>167,910</u>	<u>-</u>	<u>51,584</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,910</u>	<u>\$ (134,090)</u>	<u>\$ 14,426</u>	<u>\$ 148,516</u>	<u>\$ 167,910</u>

CITY OF LEON VALLEY, TEXAS
COURT TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 35,000	\$ 35,000	\$ 40,487	\$ 5,487	\$ 33,891
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>40,487</u>	<u>5,487</u>	<u>33,891</u>
EXPENDITURES					
Public Safety:					
Supplies	-	-	1,795	(1,795)	-
Contractual Services	11,000	11,000	13,665	(2,665)	14,198
Capital Outlay	50,000	50,000	42,141	7,859	22,809
Total Public Safety	<u>61,000</u>	<u>61,000</u>	<u>57,601</u>	<u>3,399</u>	<u>37,007</u>
TOTAL EXPENDITURES	<u>61,000</u>	<u>61,000</u>	<u>57,601</u>	<u>3,399</u>	<u>37,007</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	(26,000)	(26,000)	(17,114)	8,886	(3,116)
FUND BALANCE AT BEGINNING OF YEAR	<u>50,566</u>	<u>50,566</u>	<u>50,566</u>	<u>-</u>	<u>53,682</u>
FUND BALANCE AT END OF YEAR	<u>\$ 24,566</u>	<u>\$ 24,566</u>	<u>\$ 33,452</u>	<u>\$ 8,886</u>	<u>\$ 50,566</u>

CITY OF LEON VALLEY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005				2004
	Budget Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		Actual
REVENUES					
Property Taxes	\$ 374,300	\$ 374,300	\$ 399,547	\$ 25,247	\$ 370,104
TOTAL REVENUES	<u>374,300</u>	<u>374,300</u>	<u>399,547</u>	<u>25,247</u>	<u>370,104</u>
EXPENDITURES					
Debt Service:					
Bond Principal	250,000	250,000	250,000	-	235,000
Interest\Agent Fees	199,243	199,243	198,242	1,001	208,776
Total Debt Service	<u>449,243</u>	<u>449,243</u>	<u>448,242</u>	<u>1,001</u>	<u>443,776</u>
TOTAL EXPENDITURES	<u>449,243</u>	<u>449,243</u>	<u>448,242</u>	<u>1,001</u>	<u>443,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures -	<u>(74,943)</u>	<u>(74,943)</u>	<u>(48,695)</u>	<u>26,248</u>	<u>(73,672)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfer In	50,000	50,000	50,000	-	50,000
TOTAL OTHER SOURCES (USE)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (Deficiency) of Revenues and Other Sources (Over) Under Expenditures and other (Uses)	<u>(24,943)</u>	<u>(24,943)</u>	<u>1,305</u>	<u>26,248</u>	<u>(23,672)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>88,698</u>	<u>88,698</u>	<u>88,698</u>	<u>-</u>	<u>112,370</u>
FUND BALANCE AT END OF YEAR	<u>\$ 63,755</u>	<u>\$ 63,755</u>	<u>\$ 90,003</u>	<u>\$ 26,248</u>	<u>\$ 88,698</u>

CITY OF LEON VALLEY, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2005 AND 2004

ASSETS	2005	2004
Cash and Cash Investments	\$ 2,530,121	\$ 2,390,348
Receivables:		
Ad Valorem Taxes (Net of Allowance for Uncollectibles of \$16,829 and \$15,948)	95,365	90,374
Other Taxes	24,090	25,677
EMS Charges (Net of Allowance for Uncollectibles of \$370,619 and \$284,552)	68,368	42,204
Accrued Interest	-	6,259
Other	25,130	4,763
Due from Other Governments	320,413	288,618
Prepaid Expenses	3,985	-
Inventories	12,859	12,458
TOTAL ASSETS	\$ 3,080,331	\$ 2,860,701
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 214,335	\$ 242,449
Accrued Expenditures	89,552	72,240
Deferred/Unearned Revenue	184,642	139,203
Total Liabilities	<u>488,529</u>	<u>453,892</u>
Fund Balance		
Reserved for Prepaid Expenses	3,985	-
Reserved for Inventory	12,859	12,458
Reserved for Parks	38,025	525
Reserved for Library	46,505	44,247
Unreserved:		
Designated for Capital Projects	1,990,428	1,849,579
Designated for Emergencies	500,000	500,000
Total Fund Balance	<u>2,591,802</u>	<u>2,406,809</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,080,331	\$ 2,860,701

CITY OF LEON VALLEY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

REVENUES	2005	2004
Property Taxes	\$ 2,265,383	\$ 2,212,799
Nonproperty Taxes	2,265,681	2,323,274
Grants/Intergovernmental	58,326	21,344
Licenses, Permits, Fines and Forfeits	1,376,024	1,177,929
Other	200,947	94,584
TOTAL REVENUES	6,166,361	5,829,930
EXPENDITURES		
Current:		
Administration	1,138,676	969,375
Public Safety	3,440,963	3,162,023
Public Works	1,200,207	903,437
Parks and Recreation	103,365	92,169
Library	236,057	218,268
TOTAL EXPENDITURES	6,119,268	5,345,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,093	484,658
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	155,900	175,839
Operating Transfers (Out)	(18,000)	(158,000)
TOTAL OTHER FINANCING SOURCES (USES)	137,900	17,839
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	184,993	502,497
Fund Balance at Beginning of Year	2,406,809	1,746,196
Prior Period Adjustment	-	158,116
Fund Balance at End of Year	\$ 2,591,802	\$ 2,406,809

CITY OF LEON VALLEY, TEXAS
COMPARATIVE STATEMENTS OF NET ASSETS
WATER AND SEWER ENTERPRISE FUND
SEPTEMBER 30, 2005 AND 2004

ASSETS	2005	2004
Cash and Cash Investments	\$ 789,161	\$ 596,165
Accounts Receivable	215,819	181,337
Total Current Assets	<u>1,004,980</u>	<u>777,502</u>
Restricted Assets:		
Debt Service Funds:		
Cash and Cash Investments	162,572	158,304
Customer and Performance Bond Deposits:		
Cash and Cash Investments	109,598	124,799
Total Restricted Assets	<u>272,170</u>	<u>283,103</u>
Capital Assets	7,216,499	7,133,996
Accumulated Depreciation	(3,403,451)	(3,210,563)
TOTAL ASSETS	<u><u>\$ 5,090,198</u></u>	<u><u>\$ 4,984,038</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 122,317	\$ 17,273
Accrued Expenses	9,063	8,093
Accrued Leave and Compensatory Time	25,670	25,139
Total Current Liabilities	<u>157,050</u>	<u>50,505</u>
Current Liabilities Payable from Restricted Assets:		
Current Portion Long-term Bonds	85,000	80,000
Accrued Interest Payable	4,131	6,302
Customer Deposits	109,598	97,626
Performance Bond Deposits	-	27,173
Total Current Liabilities Payable from Restricted Assets	<u>198,729</u>	<u>211,101</u>
Noncurrent Liabilities:		
Revenue Bonds Payable	70,000	155,000
Total Liabilities	<u>425,779</u>	<u>416,606</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	3,658,048	3,688,433
Restricted for:		
Debt Service	162,572	158,304
Water Rights	149,240	-
Capital Projects	344,559	370,695
Unrestricted	350,000	350,000
Total Net Assets	<u>4,664,419</u>	<u>4,567,432</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,090,198</u></u>	<u><u>\$ 4,984,038</u></u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES NET ASSETS -
BUDGET (GAAP BASIS) AND ACTUAL
WATER AND SEWER ENTERPRISE FUND
YEARS ENDED SEPTEMBER 30, 2005
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2004)

	Original Budget	Final Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
Operating Revenues:					
Metered Water Sales	\$ 745,934	\$ 745,934	\$ 732,243	\$ (13,691)	\$ 663,393
Bulk Water Sales	2,000	2,000	-	(2,000)	-
Sewer Sales Charges	1,200,000	1,200,000	1,161,103	(38,897)	1,044,124
Connection and Platting	2,000	2,000	3,750	1,750	1,275
Customer Penalties	25,000	25,000	18,737	(6,263)	20,597
Customer Disconnection Fees	1,200	1,200	2,530	1,330	3,940
Tapping Fees	10,000	10,000	7,500	(2,500)	22,573
Total Operating Revenues	<u>1,986,134</u>	<u>1,986,134</u>	<u>1,925,863</u>	<u>(60,271)</u>	<u>1,755,902</u>
Operating Expenses:					
General and Administrative	353,340	383,309	362,948	20,361	302,429
Water System	415,611	422,860	379,448	43,412	351,072
Sewer System	1,099,674	1,154,471	927,332	227,139	740,399
Repairs and Maintenance	43,333	43,333	32,321	11,012	29,401
Depreciation	-	-	192,888	(192,888)	215,250
Total Operating Expenses	<u>1,911,958</u>	<u>2,003,973</u>	<u>1,894,937</u>	<u>109,036</u>	<u>1,638,551</u>
Operating Income (Loss)	<u>74,176</u>	<u>(17,839)</u>	<u>30,926</u>	<u>48,765</u>	<u>117,351</u>
Nonoperating Revenues (Expenses):					
Interest Income	12,000	12,000	23,665	11,665	9,600
Miscellaneous Income	4,000	4,000	40,765	36,765	9,160
Interest Expense	(93,145)	(93,145)	(10,974)	82,171	(16,151)
Fiscal Agent Fees	(2,000)	(2,000)	(2,000)	-	(2,000)
Impact Fees	5,000	5,000	30,505	25,505	37,354
Total Nonoperating Revenues (Expenses)	<u>(74,145)</u>	<u>(74,145)</u>	<u>81,961</u>	<u>156,106</u>	<u>37,963</u>
Change in Net Assets Before Transfers	31	(91,984)	112,887	204,871	155,314
Transfers In (Out)	-	-	(15,900)	(15,900)	(15,900)
Change in Net Assets	<u>31</u>	<u>(91,984)</u>	<u>96,987</u>	<u>188,971</u>	<u>139,414</u>
Net Assets at October 1	<u>4,567,432</u>	<u>4,567,432</u>	<u>4,567,432</u>	-	<u>4,428,018</u>
Net Assets at September 30	<u>\$ 4,567,463</u>	<u>\$ 4,475,448</u>	<u>\$ 4,664,419</u>	<u>\$ 188,971</u>	<u>\$ 4,567,432</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT –
BUDGET (GAAP BASIS) AND ACTUAL
WATER AND SEWER ENTERPRISE FUND
YEARS ENDED SEPTEMBER 30, 2005
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2004)

	Original Budget	Final Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
Operating Expenses:					
General and Administrative:					
Personnel Services	\$ 325,416	\$ 355,385	\$ 340,095	\$ 15,290	\$ 287,996
Supplies and Other	7,900	7,900	6,768	1,132	6,252
Contractual Services	20,024	20,024	16,085	3,939	8,181
Total General and Administrative	<u>353,340</u>	<u>383,309</u>	<u>362,948</u>	<u>20,361</u>	<u>302,429</u>
Water System:					
Personnel Services	180,856	180,856	187,795	(6,939)	169,590
Supplies	40,500	40,500	48,262	(7,762)	42,510
Contractual Services	<u>164,355</u>	<u>171,604</u>	<u>143,391</u>	<u>28,213</u>	<u>138,972</u>
Total Water System	<u>385,711</u>	<u>392,960</u>	<u>379,448</u>	<u>13,512</u>	<u>351,072</u>
Sewer System:					
Personnel Services	50,024	50,024	43,944	6,080	41,164
Supplies	10,000	10,000	3,987	6,013	1,866
Contractual Services	<u>774,650</u>	<u>829,447</u>	<u>879,401</u>	<u>(49,954)</u>	<u>697,369</u>
Total Sewer System	<u>834,674</u>	<u>889,471</u>	<u>927,332</u>	<u>(37,861)</u>	<u>740,399</u>
Repairs and Maintenance:					
Personnel Services	38,183	38,183	32,264	5,919	29,155
Supplies	5,000	5,000	-	5,000	189
Contractual Services	<u>150</u>	<u>150</u>	<u>57</u>	<u>93</u>	<u>57</u>
Total Waste System Repairs and Maintenance	<u>43,333</u>	<u>43,333</u>	<u>32,321</u>	<u>11,012</u>	<u>29,401</u>
Depreciation	-	-	192,888	(192,888)	215,250
Total Operating Expenses	<u>\$ 1,617,058</u>	<u>\$ 1,709,073</u>	<u>\$ 1,894,937</u>	<u>\$ (185,864)</u>	<u>\$ 1,638,551</u>

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SHAREHOLDERS:
Gordon S. Armstrong, CPA
Nancy L. Vaughan, CPA
Richard E. Krampe, Jr., CPA



Armstrong, Vaughan & Associates, PC.
Certified Public Accountants

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit on Financial Statements Performed
in accordance with Government Auditing Standards

Board of Trustees
City of Leon Valley
6400 El Verde
Leon Valley, Texas 78238

Members of the Board of Trustees:

We have audited the basic financial statements of the City of Leon Valley, Texas as of and for the year ended September 30, 2005, and have issued our report thereon dated November 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Leon Valley, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

We did note some immaterial instances involving internal controls over financial statements that we reported to management of the City of Leon Valley, Texas in a separate letter dated November 3, 2005.

Compliance

As part of obtaining reasonable assurance about whether the City of Leon Valley, Texas' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under GOVERNMENT AUDITING STANDARDS.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Armstrong, Vaughan & Assoc, P.C." in a cursive, flowing script.

Armstrong, Vaughan & Assoc., P.C.

November 3, 2005

STATISTICAL SECTION

This part of the City of Leon Valley's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Leon Valley's overall financial health.

Contents	Page
Financial Trends – Tables 1 through 5 <i>These schedules contain trend information to help the reader understand how Leon Valley's financial performance and well-being have changed over time.</i>	73
Revenue Capacity – Tables 6 through 11 <i>These schedules contain information to help the reader assess Leon Valley's most significant local revenue source, the property tax.</i>	81
Debt Capacity – Tables 12 through 16 <i>These schedules present information to help the reader assess the affordability of Leon Valley's current levels of outstanding debt, and our ability to issue additional debt.</i>	88
Demographic and Economic Information – Tables 17 and 18 <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Leon Valley's financial activities take place.</i>	94
Operating Information – Tables 19 through 21 <i>These schedules contain service and infrastructure data to help the reader understand how the information in Leon Valley's financial report relates to the services that it provides and the activities it performs.</i>	96

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CITY OF LEON VALLEY, TEXAS
NET ASSETS BY COMPONENT
LAST TWO FISCAL YEARS

TABLE 1

	Fiscal Year	
	<u>2004</u>	<u>2005</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 4,627,299	\$ 4,910,474
Restricted	2,525,449	2,427,562
Unrestricted	500,000	500,000
Total governmental activities net assets	<u>\$ 7,652,748</u>	<u>\$ 7,838,036</u>
Business-type activities		
Invested in capital assets-net of related debt	\$ 3,688,433	\$ 3,658,048
Restricted	528,999	656,371
Unrestricted	350,000	350,000
Total business-type activities net assets	<u>\$ 4,567,432</u>	<u>\$ 4,664,419</u>
Primary government		
Invested in capital assets, net of related debt	\$ 8,315,732	\$ 8,568,522
Restricted	3,054,448	3,083,933
Unrestricted	850,000	850,000
Total primary government net assets	<u>\$ 12,220,180</u>	<u>\$ 12,502,455</u>

CITY OF LEON VALLEY, TEXAS
CHANGE IN NET ASSETS
LAST TWO FISCAL YEARS

TABLE 2

	<u>2004</u>	<u>2005</u>
Expenses		
Governmental activities:		
Administrative	\$ 982,346	\$ 1,078,235
Public Safety	3,391,479	3,615,090
Public Works	1,030,040	1,300,917
Parks and Recreation	95,851	112,401
Library	207,876	245,212
Community Center	122,834	115,687
Capital outlay	177,150	154,897
Interest on long-term debt	207,236	196,576
Total governmental activities expenses	<u>6,214,812</u>	<u>6,819,015</u>
Business-type activities:		
Water and Sewer	<u>1,619,348</u>	<u>1,907,911</u>
Total business-type activities	<u>1,619,348</u>	<u>1,907,911</u>
Total primary government expenses	<u>\$ 7,834,160</u>	<u>\$ 8,726,926</u>
 Program Revenues		
Governmental activities:		
Charges for service:		
Administration	\$ 128,572	\$ 145,094
Public Safety	1,065,524	1,313,069
Parks and Recreation	14,912	9,485
Library	3,276	3,063
Community Center	145,571	140,978
Operating grants and contributions	365,598	241,098
Capital grants and contributions	141,286	78,176
Total governmental activities program revenues	<u>1,864,739</u>	<u>1,930,963</u>
Business-type activities:		
Charges for service:		
Water and Sewer	<u>1,755,902</u>	<u>1,925,863</u>
Total business-type activities program revenues	<u>1,755,902</u>	<u>1,925,863</u>
Total primary government program revenues	<u>\$ 3,620,641</u>	<u>\$ 3,856,826</u>

CITY OF LEON VALLEY, TEXAS
CHANGE IN NET ASSETS (CONTINUED)
LAST TWO FISCAL YEARS

TABLE 2 (Continued)

Net (Expenses) Revenue

Governmental activities	\$ (4,350,073)	\$ (4,888,052)
Business-type activities	136,554	17,952
Total primary government net expenses	<u>\$ (4,213,519)</u>	<u>\$ (4,870,100)</u>

Governmental Revenues and Other Changes in Net Assets

Governmental activities:

Taxes		
Property Taxes	\$ 2,596,180	\$ 2,670,674
Sales Taxes	1,788,803	1,713,683
Franchise Taxes	534,471	551,998
Interest and investment earnings	35,093	75,305
Miscellaneous	41,390	45,780
Transfers	15,900	15,900
Total governmental activities	<u>5,011,837</u>	<u>5,073,340</u>

Business-type activities:

Interest and Investment earnings	9,600	23,665
Miscellaneous	9,160	40,765
Impact Fees	37,354	30,505
Transfers	(15,900)	(15,900)
Total business-type activities	<u>40,214</u>	<u>79,035</u>
Total primary government	<u>\$ 5,052,051</u>	<u>\$ 5,152,375</u>

Changes In Net Assets

Government activities	\$ 661,764	\$ 185,288
Business-type activities	139,414	96,987
Total primary government	<u>\$ 801,178</u>	<u>\$ 282,275</u>

CITY OF LEON VALLEY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 3

	Fiscal Year				
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund					
Reserved	\$ 3,861	\$ 17,174	\$ 22,838	\$ 15,752	\$ 26,775
Unreserved	1,763,813	1,799,943	1,765,051	1,746,505	1,621,684
Total general fund	<u>\$1,767,674</u>	<u>\$1,817,117</u>	<u>\$1,787,889</u>	<u>\$1,762,257</u>	<u>\$1,648,459</u>
All other Governmental Funds					
Reserved	\$ -	\$ 9	\$ 1,811	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	255,872	349,964	305,828	381,530	162,427
Capital project funds*	-	-	3,313,295	2,537,896	1,327,216
Debt service funds	65,488	48,610	33,227	29,076	83,123
Total all other governmental funds	<u>\$ 321,360</u>	<u>\$ 398,583</u>	<u>\$ 3,654,161</u>	<u>\$ 2,948,502</u>	<u>\$ 1,572,766</u>

* In 1998 the City issued Certificates of obligation to fund capital projects.

Fiscal Year				
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 72,088	\$ 42,148	\$ 51,791	\$ 1,906,809	\$ 2,091,802
1,764,400	1,681,126	1,694,405	500,000	500,000
<u>\$1,836,488</u>	<u>\$1,723,274</u>	<u>\$ 1,746,196</u>	<u>\$ 2,406,809</u>	<u>\$ 2,591,802</u>
\$ -	\$ 38,825	\$ 46,716	\$ 627	\$ 432
306,239	378,204	282,548	543,198	318,269
569,857	630,809	508,445	240,131	43,013
94,618	99,527	112,371	88,698	90,003
<u>\$ 970,714</u>	<u>\$1,147,365</u>	<u>\$ 950,080</u>	<u>\$ 872,654</u>	<u>\$ 451,717</u>

CITY OF LEON VALLEY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 4

	Fiscal Year				
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Revenues					
Property Taxes	\$ 1,823,953	\$ 1,904,281	\$ 1,958,987	\$ 2,009,077	\$ 2,030,675
Nonproperty taxes	2,348,952	2,373,404	2,384,864	2,313,706	2,621,926
Grants/Intergovernmental	70,950	177,592	117,607	586,580	454,607
Licenses, permits, fees and fines	783,408	903,663	924,670	1,010,596	1,082,456
Other	254,897	253,462	321,732	382,947	391,149
Total Revenues	<u>5,282,160</u>	<u>5,612,402</u>	<u>5,707,860</u>	<u>6,302,906</u>	<u>6,580,813</u>
Expenditures					
Administration	776,824	784,780	812,723	832,980	842,968
Public Safety	2,655,063	2,747,103	2,840,121	2,933,295	3,056,601
Public Works	1,067,855	830,604	805,647	804,765	794,620
Parks and Recreation	42,762	42,964	34,222	45,585	30,344
Library	132,402	148,792	151,903	155,059	164,126
Community Center	79,600	72,712	73,091	96,007	104,437
Capital Outlay	274,855	491,839	805,572	1,757,626	3,420,671
Debt Service:					
Principal	232,000	242,800	261,500	160,200	250,000
Interest and fiscal charges	142,901	124,112	101,402	265,580	228,966
Total Expenditures	<u>5,404,262</u>	<u>5,485,706</u>	<u>5,886,181</u>	<u>7,051,097</u>	<u>8,892,733</u>
Excess of revenues over (under) Expenditures	(122,102)	126,696	(178,321)	(748,191)	(2,311,920)
Other Financing Sources (Uses)					
Operating transfers in	17,357	15,715	2,641	74,050	809,599
Operating transfers (out)	(17,357)	(15,715)	(2,641)	(57,150)	(709,599)
Proceeds Tax Notes	-	-	-	-	722,381
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,900</u>	<u>822,381</u>
Net change in fund balance	<u>\$ (122,102)</u>	<u>\$ 126,696</u>	<u>\$ (178,321)</u>	<u>\$ (731,291)</u>	<u>\$ (1,458,539)</u>
Debt Service as a percentage of noncapital expenditures	7.38%	7.35%	7.14%	8.04%	8.75%

Fiscal Year				
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 2,159,625	\$ 2,314,916	\$ 2,512,157	\$ 2,582,903	\$ 2,664,930
2,721,351	2,842,983	2,474,362	2,420,562	2,351,336
413,854	271,280	219,752	172,098	229,720
1,042,417	1,286,534	1,324,186	1,566,754	1,462,806
235,158	388,434	135,423	135,290	248,002
6,572,405	7,104,147	6,665,880	6,877,607	6,956,794
856,155	980,298	905,198	969,375	1,138,676
3,147,703	3,287,299	3,520,998	3,475,837	3,560,463
906,230	1,141,626	1,037,100	1,044,722	1,287,075
19,396	64,027	65,172	92,169	103,365
170,680	190,962	193,662	232,888	238,836
107,678	136,069	100,881	95,685	91,199
1,481,627	822,758	594,192	113,984	340,782
300,000	205,000	220,000	235,000	250,000
239,415	228,530	218,940	208,776	198,242
7,228,884	7,056,569	6,856,143	6,468,436	7,208,638
(656,479)	47,578	(190,263)	409,171	(251,844)
185,863	97,673	123,130	383,839	223,900
(85,863)	(81,773)	(107,230)	(367,939)	(208,000)
142,416	-	-	-	-
242,416	15,900	15,900	15,900	15,900
\$ (414,063)	\$ 63,478	\$ (174,363)	\$ 425,071	\$ (235,944)
9.39%	6.95%	7.01%	7.07%	7.07%

CITY OF LEON VALLEY, TEXAS
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Property (1)</u>	<u>Sales & Use (2)</u>	<u>Occupancy (3)</u>	<u>Franchise</u>	<u>Total</u>
1996	\$ 1,823,953	\$ 1,770,357	\$ 147,576	\$ 431,019	\$ 4,172,905
1997	1,904,281	1,786,669	148,894	437,841	4,277,685
1998	1,958,987	1,781,546	135,367	467,951	4,343,851
1999	2,009,077	1,703,590	155,449	454,667	4,322,783
2000	2,030,675	1,878,302	192,011	551,613	4,652,601
2001	2,159,625	1,939,635	223,316	558,400	4,880,976
2002	2,314,916	2,141,708	210,056	491,219	5,157,899
2003	2,512,157	1,799,621	125,490	549,251	4,986,519
2004	2,582,902	1,788,803	97,288	534,471	5,003,464
2005	2,664,930	1,713,683	85,655	551,998	5,016,266

Change
1996-2005

- (1) The City was able to maintain the same tax rate from 1997 to 2001.
The increase in property revenue is attributable to increase property values from 1997 to 2001.
- (2) Sales and use tax revenues have decreased by .61%.
- (3) Occupancy tax revenues have decreased by 22.47% in the past ten years due to a conversion of one hotel to apartments in 2004.

CITY OF LEON VALLEY, TEXAS
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 6

<u>Fiscal Year Ended September 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value*</u>	<u>Total Direct Tax Rate</u>
1996	\$ 235,462,709	\$ 195,218,635	\$ 3,289,140	\$ 25,627,300	\$ 408,343,184	\$ 0.447260
1997	238,124,339	202,556,018	3,163,450	29,356,900	414,486,907	0.453660
1998	243,116,933	200,407,844	2,754,770	30,312,566	415,966,981	0.468780
1999	250,971,164	205,503,622	2,365,290	32,144,717	426,695,359	0.468780
2000	376,524,410	83,578,876	439,100	32,515,983	428,026,403	0.468780
2001	272,098,498	219,970,454	998,420	33,442,224	459,625,148	0.468780
2002	290,580,767	241,741,820	1,158,650	35,479,908	498,001,329	0.468780
2003	302,185,936	237,181,050	1,423,110	36,323,758	504,466,338	0.499600
2004	310,244,281	237,990,840	2,485,210	36,997,565	513,722,766	0.502700
2005	311,798,055	239,226,803	2,531,598	37,869,714	515,686,742	0.517400

Source: Bexar Appraisal District.

* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

CITY OF LEON VALLEY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General Fund	Debt Service	Total Direct	School District	Bexar County
1996	\$ 0.362020	\$ 0.085240	\$ 0.447260	\$ 1.410000	\$ 0.351430
1997	0.370810	0.082850	0.453660	1.443000	0.344270
1998	0.385740	0.083040	0.468780	1.513000	0.343470
1999	0.387060	0.081720	0.468780	1.547500	0.341910
2000	0.388130	0.080650	0.468780	1.599500	0.357550
2001	0.388130	0.080650	0.468780	1.674100	0.357550
2002	0.396630	0.072150	0.468780	1.737500	0.336856
2003	0.427600	0.072000	0.499600	1.762500	0.333671
2004	0.430700	0.072000	0.502700	1.762500	0.333671
2005	0.439834	0.077566	0.517400	1.762500	0.331190

Source: Information furnished by respective tax assessor.

CITY OF LEON VALLEY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT AND NINE YEARS AGO

TABLE 8

<u>Taxpayer</u>	2005			1997		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Ancira-Winton Chevrolet	\$ 22,723,620	1	4.40%	\$ 15,098,530	3	3.60%
Principal Life Insurance	18,000,000	2	3.48	-		-
Southwestern Bell	11,474,720	3	2.22	17,533,490	1	4.20
Vista Del Rey	11,358,520	4	2.20	9,940,530	5	2.40
E.W. Richardson	10,092,340	5	1.95	10,154,250	4	2.50
SCIC San Antonio	7,900,000	6	1.53	-		-
Merrimae Associates	7,330,000	7	1.42	-		-
Gunn, CC	7,289,170	8	1.41	5,808,240	8	1.40
H.E.B. Grocery	7,140,450	9	1.38	16,338,960	2	3.90
Dalepoint Group	6,385,000	10	1.05	-		-
First Capital Income Proper	-		-	7,861,200	6	1.90
Kelly Field National Bank	-		-	6,316,840	7	1.50
MXM Mortgage	-		-	5,657,160	9	1.40
E.G. & G. Auto Research	-		-	5,000,180	10	1.20
Total	<u>\$ 109,693,820</u>		<u>21.96%</u>	<u>\$ 99,709,380</u>		<u>22.98%</u>

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CITY OF LEON VALLEY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 9

Fiscal Year Ended <u>September 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		Collections In Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1996	\$ 1,808,917	\$ 1,796,635	99.32%	\$ 16,426	\$ 1,813,061	100.23%
1997	1,872,106	1,862,999	99.51%	15,057	1,878,056	100.32%
1998	2,024,920	2,020,053	99.76%	11,869	2,031,922	100.35%
1999	2,003,890	1,986,566	99.14%	10,831	1,997,397	99.68%
2000	2,154,114	2,010,416	93.33%	5,746	2,016,162	93.60%
2001	2,184,455	2,129,774	97.50%	16,989	2,146,763	98.27%
2002	2,316,515	2,286,098	98.69%	19,056	2,305,154	99.51%
2003	2,632,578	2,471,586	93.88%	13,102	2,484,688	94.38%
2004	2,582,499	2,547,413	98.64%	16,194	2,563,607	99.27%
2005	2,668,164	2,609,185	97.79%	-	2,609,185	97.79%

Source: Bexar County Tax Assessor Collector and City of Leon Valley Finance Department.

CITY OF LEON VALLEY, TEXAS
WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS

TABLE 10

<u>Type of Customer</u>	<u>Fiscal Year</u>				
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Residential	N/A	N/A	N/A	N/A	N/A
Commercial	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
Total direct rate per 1,000 gallons	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77

Source: City of Leon Valley Water Department

Fiscal Year				
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
N/A	N/A	176,751,891	164,301,622	177,504,339
N/A	N/A	136,561,805	131,347,112	133,164,020
N/A	N/A	313,313,696	295,648,734	310,668,359
\$ 0.77	\$ 0.79	\$ 0.85	\$ 0.85	\$ 0.88

CITY OF LEON VALLEY, TEXAS
WATER AND SEWER RATES
LAST TEN FISCAL YEARS

TABLE 11

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate Per 1,000 Gallons	Monthly Base Rate	Rate Per 1,000 Gallons
1996	\$ 5.00	\$ 0.77	\$ 9.00	\$ 2.78
1997	5.00	0.77	9.00	2.78
1998	5.00	0.77	9.00	2.78
1999	5.00	0.77	9.00	2.78
2000	5.00	0.77	9.00	2.78
2001	5.40	0.79	9.00	2.78
2002	6.40	0.83	9.00	2.78
2003	6.40	0.83	9.00	2.78
2004	7.40	0.85	9.75	3.21
2005	7.62	0.88	11.03	3.94

Notes: Rates are based on 5/8" meter, which is the standard household meter size.

CITY OF LEON VALLEY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12

Fiscal Year	Governmental Activities				Business-Type Activity		Total Primary Government	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Revenue Bonds	Certificates of Obligation		
1996	\$ 845,000	\$ 709,700	\$ -	\$ -	\$ 715,000	\$ 405,300	\$2,675,000	\$ 279
1997	745,000	566,900	-	-	670,000	338,100	2,320,000	242
1998	1,110,000	3,695,200	-	-	620,000	79,800	5,505,000	575
1999	1,110,000	3,535,000	-	-	565,000	-	5,210,000	544
2000	860,000	3,535,000	745,000	-	505,000	-	5,645,000	589
2001	600,000	3,535,000	705,000	118,460	445,000	-	5,403,460	564
2002	435,000	3,535,000	665,000	92,224	380,000	-	5,107,224	553
2003	260,000	3,535,000	620,000	63,853	310,000	-	4,788,853	518
2004	80,000	3,535,000	565,000	33,175	235,000	-	4,448,175	481
2005	-	3,425,000	505,000	-	155,000	-	4,085,000	442

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Population data can be found on page 94.

CITY OF LEON VALLEY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

<u>General Bonded Debt Outstanding</u>						
<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Certificates</u> <u>of</u> <u>Obligation</u>	<u>Total</u>	<u>Actual Taxable</u> <u>Value of</u> <u>Property</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of</u> <u>Property</u>	<u>Per</u> <u>Capita*</u>
1996	\$ 845,000	\$ 709,700	\$ 1,554,700	\$ 408,343,184	38.00%	\$ 162
1997	745,000	566,900	1,311,900	414,486,907	0.32%	137
1998	1,110,000	3,695,200	4,805,200	415,966,981	1.16%	502
1999	1,110,000	3,535,000	4,645,000	426,695,359	1.09%	485
2000	860,000	3,535,000	4,395,000	428,026,403	1.03%	459
2001	600,000	3,535,000	4,135,000	459,625,148	0.90%	432
2002	435,000	3,535,000	3,970,000	498,001,329	0.80%	430
2003	260,000	3,535,000	3,795,000	504,466,338	0.75%	411
2004	80,000	3,535,000	3,615,000	513,722,766	0.70%	391
2005	-	3,425,000	3,425,000	515,686,742	0.66%	371

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Population data can be found on page 94.

CITY OF LEON VALLEY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS

TABLE 14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Alamo CCD	\$ 25,298,778	82.00%	\$ 207,450
Bexar County	147,885,007	82.00%	1,212,657
Northside Independent School District	833,372,604	2.97%	24,751,166
San Antonio RA	59,500,000	1.05%	<u>624,750</u>
Subtotal, overlapping debt			26,796,023
Leon Valley Direct Debt			<u>3,769,308</u>
Total direct and overlapping debt			<u><u>\$ 30,565,331</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses on the City of Leon Valley, Texas. This process recognizes that, when considering the City of Leon Valley's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City of Leon Valley's boundaries and dividing it by the county's total taxable assessed value.

CITY OF LEON VALLEY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

TABLE 15

Legal Debt Margin Calculation for Fiscal Year 2005

Assessed value	\$ 515,686,742
*Debt limit (10% of assessed value)	51,568,674
Bonds, certificates of obligation and tax notes	3,425,000
Less: amount set aside for repayment of general obligation debt	<u>(90,003)</u>
Total net debt applicable to limit	<u>3,334,997</u>
Economic debt margin	<u><u>\$ 48,233,677</u></u>

	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Debt limit	\$40,834,318	\$ 41,448,690	\$41,596,698	\$42,669,535
Total net debt applicable to limit	<u>1,489,212</u>	<u>1,263,290</u>	<u>4,771,973</u>	<u>4,776,124</u>
Legal debt margin	<u><u>\$39,345,106</u></u>	<u><u>\$ 40,185,400</u></u>	<u><u>\$36,824,725</u></u>	<u><u>\$37,893,411</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3.65%	3.05%	11.47%	11.19%

* Texas statutes do not prescribe a debt limit: however, by custom a practical debt limit of 10% of the assessed valuation is used

Fiscal Year					
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$42,802,640	\$45,962,514	\$49,800,132	\$50,446,633	\$51,372,277	\$51,568,674
5,056,877	4,745,382	4,535,473	4,302,629	4,090,302	3,334,997
<u>\$37,745,763</u>	<u>\$41,217,132</u>	<u>\$45,264,659</u>	<u>\$46,144,004</u>	<u>\$47,281,975</u>	<u>\$48,233,677</u>
11.81%	10.32%	9.11%	8.53%	7.96%	6.47%

CITY OF LEON VALLEY, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

TABLE 16

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Avaliable Revenue</u>	<u>Debt Service Principal</u>	<u>Interest</u>	<u>Coverage</u>
1995	\$1,499,370	\$ 1,525,643	\$ (26,273)	\$ 108,000	\$ 84,243	(0.14)
1997	1,582,340	1,412,662	169,678	112,200	76,003	0.91
1998	1,625,008	1,399,437	225,571	123,500	67,130	1.18
1999	1,653,911	1,425,931	227,980	134,800	42,047	1.29
2000	1,687,471	1,388,504	298,967	60,000	34,990	3.15
2001	1,644,303	1,535,374	108,929	60,000	31,120	1.96
2002	1,579,475	1,584,877	(5,402)	65,000	27,085	(0.058)
2003	1,663,238	1,449,114	214,124	70,000	22,885	2.31
2004	1,755,902	1,638,551	117,351	75,000	18,151	1.26
2005	1,925,863	1,894,937	30,926	80,000	12,974	0.33

CITY OF LEON VALLEY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
SEPTEMBER 30, 2005

TABLE 17

<u>Year</u>	<u>Population</u>	Per Capita Personal <u>Income</u>	Median <u>Age</u>	School <u>Enrollment</u>	Unemployment <u>Rate</u>
1996	9581	\$ 37,833	27.73	3,864	4.1%
1997	9581	37,833	27.73	3,864	4.1%
1998	9581	37,833	27.73	3,881	3.9%
1999	9581	37,833	27.73	3,035	3.5%
2000	9239	21,743	38.10	3,169	3.9%
2001	9239	21,743	38.10	3,496	4.7%
2002	9239	21,743	38.10	3,604	5.6%
2003	9239	21,743	38.10	3,335	6.1%
2004	9239	21,743	38.10	3,337	6.4%
2005	9239	21,743	38.10	3,394	5.7%

Sources: Population, Per Capita Income and median Age information provided by the United States Census Bureau. School enrollment information was provided by the Northside Independent School District. Unemployment rate was provided by the Texas Workforce Commission.

CITY OF LEON VALLEY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 18

Employer	2005			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	35,700	1	4.47%	N/A	N/A	N/A
Fort Sam Houston	26,100	2	3.27%	N/A	N/A	N/A
USAA	14,955	3	1.87%	N/A	N/A	N/A
HEB Food Stores	14,600	4	1.83%	N/A	N/A	N/A
Randolph Air Force Base	10,733	5	1.34%	N/A	N/A	N/A
Northside ISD	10,000	6	1.25%	N/A	N/A	N/A
City of San Antonio	9,813	7	1.23%	N/A	N/A	N/A
San Antonio ISD	8,000	8	1.00%	N/A	N/A	N/A
North East ISD	7,847	9	0.98%	N/A	N/A	N/A
Methodist Healthcare System	7,200	10	0.90%	N/A	N/A	N/A
Total	<u>144,948</u>		<u>18.14%</u>	N/A	N/A	N/A

The City of Leon Valley is surrounded by the City of San Antonio and no data is available for the employers in Leon Valley. The above data is for San Antonio.

Source: San Antonio Economic Development Foundation

Data for 1997 was not available.

CITY OF LEON VALLEY, TEXAS
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 19

Full-time Equivalent Employees as of September 30

<u>Function</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General government										
Business Office	3.10	3.10	3.10	3.10	3.70	3.70	3.70	3.70	3.80	4.10
Finance	4.00	2.90	2.90	2.90	2.90	2.90	2.90	2.80	2.80	2.80
Manager and Council	3.50	3.50	3.50	3.50	2.80	2.80	2.80	2.80	2.80	2.80
Police										
Officers	24.00	24.00	24.00	24.90	24.90	24.90	24.90	23.80	24.00	24.00
Civilians	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Fire										
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.50	0.50
Firefighters and officers	27.00	27.00	27.00	27.00	27.00	27.00	27.00	28.00	28.00	28.00
Public Works	16.70	15.50	15.40	15.70	15.50	15.60	15.60	15.40	15.40	15.40
Development	5.00	3.90	3.90	4.10	3.10	3.10	3.30	3.70	3.70	3.70
Parks	-	1.00	1.00	1.00	1.00	1.00	1.75	1.75	1.75	1.75
Library	3.57	3.40	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Community Center	1.10	1.10	1.10	2.40	2.40	2.40	2.70	1.80	1.80	2.00
Water and Sewer	10.40	11.60	11.50	11.20	11.15	11.30	11.30	11.10	11.10	11.10
Total	107.37	106.00	105.90	108.30	106.95	107.20	108.45	106.85	107.15	107.45

Source: City Annual Budget

CITY OF LEON VALLEY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 20

<u>Function</u>	<u>Fiscal Year</u>					
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police						
Traffic violations	15,147	16,575	13,236	14,478	14,905	12,835
Arrests	480	533	481	619	818	543
Fire						
Fire calls	425	455	495	510	544	584
EMS calls	618	660	719	725	711	875
Inspections	988	722	779	1,251	1,732	1,082
Public Works						
Street resurfacing (miles)	4.5	4.5	4.5	4.5	4.5	4.5
Sidewalk construction (feet)	-	1,000	1,000	800	800	700
Library						
Reference Questions	1,201	1,490	1,532	1,657	1,861	1,494
Internet Sessions	851	904	993	1,060	1,156	2,825
Library Acquisitions	1,128	1,139	2,209	2,094	2,134	2,558
Water						
Service Connections	1,915	1,962	2,002	2,027	2,037	2,081
Average daily consumption	964,840	1,147,260	1,108,313	971,292	942,090	942,090
Sewer						
Service connections	2,750	2,802	2,860	2,904	2,211	2,007
Average daily treatment of gallon	1,159,100	1,108,313	1,108,313	677,779	677,779	1,168,983

Source: Various city departments.

Fiscal Year			
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
11,090	14,583	13,508	16,607
1,366	991	1,038	1,173
565	635	681	703
884	857	859	881
1,267	624	771	898
4.5	4.5	4.5	4.5
700	900	700	700
1,809	2,716	2,859	3,159
3,141	3,691	4,385	5,058
2,173	2,002	2,092	1,704
2,090	2,105	2,120	2,110
942,090	858,607	809,997	861,904
2,021	2,017	2,035	2,031
410,000	1,063,072	1,000,000	713,639

CITY OF LEON VALLEY, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 21

<u>Function</u>	<u>Fiscal Year</u>					
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police						
Stations	1	1	1	1	1	1
Officers (including reserves)	55	51	54	56	56	49
Fire						
Stations	1	1	1	1	1	1
Firefighters (including reserves)	36	33	35	35	35	32
Culture and Recreation						
Community Centers	1	1	1	1	1	1
Parks	1	1	1	1	1	1
Park acreage	18.3	21.6	21.6	21.6	21.6	21.6
Libraries	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2
Public Works						
Miles of streets	37	37	37	37	37.54	37.54
Water						
Miles of water mains	39	39	40	41	38	38
Number of hydrants	350	400	400	409	195	195
Sewer						
Miles of sanitary sewers	34	34	35	35	45	45
Feet of storm sewers	4,000	4,000	4,000	4,000	4,000	4,000

Fiscal Year			
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1	1	1	1
49	35	28	28
1	1	1	1
33	27	27	27
2	2	2	2
1	1	1	1
21.6	24.0	24.0	24
1	1	1	1
1	1	1	1
2	2	1	1
37.54	38.20	38.20	38
38	38.2	38.2	38
196	196	198	198
45	45	45.5	46
4,000	4,000	4,000	4,000

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